FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 27,893 Tuesday June 19 1979 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

UK in boat people initiative

The Prime Minister has sent a further message to Dr. Kurt Waldheim, UN Secretary-General, calling for an international conference to resolve the increasingly desperate plight of the Vietnamese "boat people."

Foreign Secretary Lord Carrington is to visit Hong Kong and Malaysia for talks on the boat people at the end of the Tokyo Economic Summit next week.

The Commons was told that Mrs. Thatcher had also sent a message to the Malaysian Premier, Datuk Hussein Onn, who said yesterday that measures to prevent a further influx of boat people did not include shooting them. Page 6; Parliament, Page 12

Scott a crook says judge

Former male model Norman Scott was a crook, said Mr. Justice Cantley, summing up at the Jeremy Thorpe trial at the Old Bailey. "He is a fraud. He is a sponger. He is a whiner. He is a parasite. But, of course, he could still be telling the truth. It is a question of belief."

Thorpe, former Liberal leader, and three other men have pleaded not guilty to conspiring to murder Scott.

Shadow posts

The Opposition's senior front bench appointments were completed with the announcement of five shadow spokesmen—Neil Kinnock (education and science), Bruce Millan (Scotland), Dame Judith Hart (overseas aid), Alec Jones (Wales) and Brynmor John (Northern Ireland). Page 12

Khomeini plan

Ayatollah Khomeini is pressing ahead with the draft constitution for Iran drawn up by his aides despite the considerable criticism the proposals have drawn protests from minority leaders and Tehran intellectuals. Page 6

Corfu drownings

A 52-year-old Welwyn woman and her three-year-old granddaughter drowned when their pedal boat capsized off Corfu. The child's mother, Susan Sherman, aged 22, who was rescued, was on holiday to recover from the deaths of her husband, father and sister in the past six months.

Unity agreement

Syrian and Iraqi leaders appeared to have reached general agreement on uniting the two countries after three days of talks in Baghdad. Page 6

Troops in Beirut

Lebanese regular troops took up positions in two suburbs of Beirut which have been closed to them for four years. More than 1,000 troops were involved in the operation, carried out with help from Syrian troops of the Arab deterrent force. Page 6

Over the wall

In a classic jailbreak, cellmates David Walker and Frank Melling escaped from Walton Jail, Liverpool by sawing through their bars with a hacksaw and using a rope made from sheets and an improvised grappling hook to reach the yard and to scale the outside wall. Both men are from the Midlands.

Briefly . . .

Sir Peter Venables, one of the creators of the Open University, died at his home in Birmingham aged 74.

Henry Moore, 80-year-old sculptor, is to give works worth £2m to the city of Leeds where he was at art college.

BUSINESS

Equities up 4.4; Nickel price falls

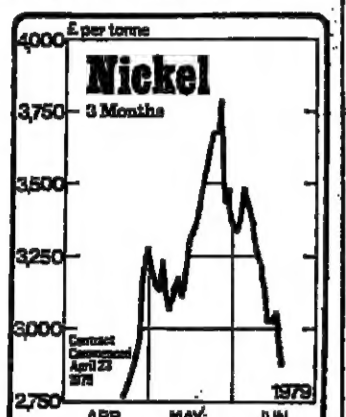
● EQUITIES improved although there was little genuine investment demand, and the FT Ordinary share index closed 4.4 up at 482.9. Renewed U.S. and Continental buying pushed the Gold Mines index up 7.2 to 186.2.

● GILTS rallied in light trading and the Government Securities Index rose 0.26 to 70.50.

● STERLING fell 3 points to close at $2.1062, and its trade-weighted index improved to 68.3 (68.2). Dollar was unchanged at 86.4.

● GOLD fell $2 an ounce to close at $278½ in London and in New York the Comex June settlement price was $278.10 ($279.80).

● NICKEL fell with three-month nickel down £180 to close at £2,870 a tonne as Le Nickel



confirmed that it was cutting its world prices.

● WALL STREET closed 3.90 down at 839.40 in active trading.

● MANY U.S. banks cut their prime rates by ¼ per cent to 11¼, but the First National Bank of Chicago said it was holding its rate at 11½.

● CONTINENTAL Illinois Properties Board has decided to accept a $30 per share offer from Bouverie Properties, the National Coal Board's pension fund subsidiary, and Bouverie is to go ahead with its $144m (£72m) bid for the U.S. company. Continental's bankers said the offer was fair.

● BRITISH Aluminium is more than doubling its production of aerospace alloys in the coming year, in an attempt to establish a dominant position in the European aerospace market and raise world sales. Page 8

● MINISTERS are studying a plan to relieve the Port of London Authority of the financial drain of its loss-making upper docks and boost dockland redevelopment. Back Page

● BRITISH RAIL services in South Wales were severely disrupted after a train crew ignored service cuts introduced last week by management to save fuel. Crews walked out when the men were charged with breach of discipline. Page 11

COMPANIES

● HAMBROS produced an attributable profit for the year ended March 31, 1979, of £7.12m compared with £4.99m previously. Stated earnings per share are 33.64p against 23.55p. Page 20 and Lex

● DAWSON International, the UK textile manufacturer, improved taxable profits from £15.53 to £16.26m for the year ended March 31, 1979. The company is raising its dividend by 270 per cent to 7p net. Page 20

● OLIVETTI, the Italian electronics and office equipment group, said parent company sales rose 53 per cent between January and May to L316bn (£185m). At group level, revenue was up 27 per cent at L640bn (£376m). Page 25

Arms limit treaty signed 'to defend the right to live'

BY JUREK MARTIN, PAUL LENDVAI AND DAVID SATTER, IN VIENNA

PRESIDENT Leonid Brezhnev and President Jimmy Carter yesterday formally signed the second Soviet-American strategic arms limitation agreement in the historic Hofburg Palace in Vienna, cementing their pact with a Russian bear hug and kiss.

Both heads of state, in their brief speeches, portrayed the SALT II treaty as a step in the direction of greater control over nuclear weapons.

Mr. Brezhnev, speaking gruffly but clearly, said that, in signing the treaty, "We are helping to defend the most sacred right of every man—the right to live."

Mr. Carter, with an eye on the critical forthcoming debate over ratification of SALT II in the U.S. Senate, said that he would never do anything to violate his responsibility for American security. But he added: "Here today, as we set very careful limits on our power, we draw boundaries around our fears of one another. As we begin to control our fears, we can better ensure our future."

It was the Soviet President who appeared to initiate the embrace of his American counterpart, a spontaneous gesture and certainly the first of its kind in public from him during the four-day summit.

SEALED WITH A KISS: Mr. Brezhnev and Mr. Carter after the signing.

Again, Mr. Brezhnev sometimes looked tired and confused during the formal ceremonies, and was obliged to summon an aide for a whispered translation of Mr. Carter's speech, presumably because he could not make out the official version blaring over the loudspeaker.

The rather bland communiqué issued after the two leaders had left Vienna for home, and subsequent briefings by U.S. officials, seemed to indicate that the summit had, as planned, been devoid of surprise—though, it was emphasised here, no less valuable because of that.

While the two leaders did manage to put the seal on the SALT agreement, there was no suggestion that other political

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Major reforms proposed for Commons committees

BY ELINOR GOODMAN, LOBBY STAFF

SWEEPING proposals to reform Parliamentary select committees by transforming them into permanent watchdogs over Whitehall and the Executive with their own full-time staff were published yesterday by the Government.

The proposals were welcomed last night by backbench MPs on both sides of the House and seem likely to be approved in some form when they are debated on Monday. This would mean that the existing line-up of select committees dealing with particular subjects, such as expenditure, would be replaced by the autumn with 12 new permanent committees continuously monitoring the work of individual Whitehall departments.

The new committees would have their own small staffs of civil servants and would, in theory, have much more authority than the existing select committees. Whether this would be the case in practice depends largely on the attitude of both Ministers and MPs, who in the past have tended to regard jobs on select committees as far less tempting than even the most junior of front bench jobs.

Pressure for reform has been growing in Westminster for some time. It came to a head last summer when the procedures committee, which included MPs like Mr. Enoch Powell who had previously resisted the idea of such fundamental changes, produced a report recommending a complete overhaul of the existing system of backbench scrutiny.

Mr. Michael Foot, former Leader of the House, was hostile to some of the proposed changes, so it has been left to the Tories to take them up.

They have the goodwill of many backbenchers who insist that some change must be made if Whitehall is to be stopped from railroading MPs. Some amendments may, however, be put down to the precise wording of the Government's motion, which would still vest considerable powers in the party whips.

The Government has basically accepted all the procedure committee's main recommendations, but disagrees about the powers of the new committees to demand evidence.

The procedure committee wanted the new permanent watchdogs to have the power to compel Ministers to appear before them. The Government has taken the view that such compulsory powers would be going too far and that by co-operating with the new committees it will be able to set a precedent which will make it difficult for subsequent administrations to withhold information. Some backbenchers are likely to be disappointed with this aspect of the Government motion.

No underwriter for Hanson issue

BY CHRISTINE MOIR

HANSON TRUST has decided to make a £17m rights issue without the safety net of a merchant bank prepared to buy in any shares not taken up by shareholders. To ensure the success of the issue without such a guarantee shareholders are being offered a "bargain basement price."

The company announced yesterday that it would be offering one new share for every two held at a price of 50p compared with a closing price of 168p—up 1p—in the market.

N. M. Rothschild, Hanson's merchant bankers, has not been asked to underwrite the issue.

Mr. Martin Taylor, one of Hanson's directors, said that the company wished to avoid testing the present volatility of the market by issuing new shares at a price closer to the market price.

At the same time it saved itself at least £300,000 in underwriting fees, he said.

He was confident that the issue would be fully subscribed. Last time Hanson made a rights issue in July 1975, it employed the same technique. Then it raised £8.6m by issuing shares at par (25p) when the market price was 141p.

Mr. James Joll, a director of Rothschild, confirmed that the company had discussed the issue with the bank. He agreed that in today's volatile market a conventional issue close to the market price could have resulted in a low level of subscriptions and a sizeable lump of shares left with the underwriters.

The alternative was to offer a bargain basement price to shareholders "who were, after all, the owners of the company."

Mr. Joll denied that there was any excess demand on the underwriting capacity of the City, "either in real or nominal terms." Hanson had been under no pressure to "go it alone."

Yesterday's announcement of the rights issue coincided with interim profit figures for the six months to March of £12.5m (£11.4m) pre-tax.

The interim dividend is to be raised by 10 per cent to 3.3275p net but shareholders who take up their rights are promised a 50 per cent increase in the full dividend for the current year compared with last.

The rights issue is clearly being made with a view to further acquisitions. According to Mr. Taylor the group had "material cash resources," but it needed the "capacity to make acquisitions" without cutting the internal development programme.

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Results Page 20

European DC-10s may fly today

By John Wicks in Zurich and Lynton McLain in London

THE REVISED maintenance plans which may lead to a resumption of DC-10 flights in Europe were agreed yesterday in Zurich by Europe's main civil aviation authorities. Some flights could start again today.

Representatives of the authorities said after the meeting of the European Civil Aviation Conference: "There is now no reason why European DC-10 aircraft should stay grounded."

The officials intend to advise their governments and national airworthiness Boards that new airworthiness certificates be issued.

Last night the Swiss Federal Air Office rescinded, with immediate effect, its grounding order on DC-10s registered in Switzerland.

But the U.S. Federal Aviation Authority, which grounded the aircraft nearly two weeks ago, said its position was unchanged.

Mr. Quentin Taylor, deputy administrator of the FAA, said in Zurich: "We will continue with our own investigations until we have enough evidence to make our own decisions on the matter."

European airlines, however, were optimistic last night that DC-10 flights would resume this week.

British Caledonian Airways also welcomed the move by the Zurich conference. "We plan to resume DC-10 services as soon as possible after the UK Civil Aviation Authority gives the go-ahead."

The maintenance review board of the conference agreed to the revised "comprehensive inspection and maintenance programme for European DC-10s" after proposals were drafted by Swissair, Alitalia and British Caledonian Airways.

This provided the acceptable technical base for the restoration of the airworthiness certificates, the board said.

Before flights of European registered DC-10s can resume, the national civil aviation authorities have to approve the changes in the maintenance procedures and this could take up to a week in some cases.

The Civil Aviation Authority said it would await the return of its officials before making a statement. The authority has a duty then to consult the Airworthiness Requirements Board which has the power to veto a relaxation.

If the board accepts a recommendation from the CAA that airworthiness certificates should be restored, the move would apply to all UK registered DC-10s.

Saudis 'to raise output'

Saudi Arabia may raise its oil output temporarily by 1m barrels a day from July 1, reports the Middle East Economic Survey. But Iran's output is said to have fallen below its normal level by a similar amount, according to the London Oil Reports. Both reports appear a week before the Organisation of Petroleum Exporting Countries is due to meet in Geneva. Details, Back Page

Check on oil deals sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN LUXEMBOURG

THE EEC plans to propose at next week's western economic summit in Tokyo that oil companies be required to register officially all their international transactions, in an attempt to curb the growth of speculative trading. The scheme would cover not only the spot market, but also crude deliveries between oil companies within the EEC and with third countries.

The proposal was agreed upon in outline by EEC energy ministers here yesterday. It is expected to be formalised by leaders of Common Market governments at their meeting in Strasbourg at the end of this week.

But both Britain and Germany are insisting that to be effective the plan must be put into effect on a world-wide basis. They have said that they will give it their final approval only if the U.S. and Japan agree in Tokyo to associate themselves with it.

There was little support among ministers yesterday for French proposals to set firm limits on the EEC's global imports of crude and to prohibit imports of oil purchased on the spot market at excessively high prices.

But President Giscard d'Estaing is expected to continue to press at the Strasbourg meeting for agreement on a broader programme of energy measures which the EEC could present to its major partners in Tokyo next week.

A number of other governments believe that the French proposals for firm limits would be difficult to administer and would merely lead to the diversion of badly needed oil from the EEC to other parts of the world. They argue that consumption should be cut by reducing demand, not supply.

Germany, represented by Count Otto Lambsdorff, its Economics Minister, is particularly sensitive to suggestions that curbs be placed on the spot market because it supplies about a third of Germany's total oil needs.

France has proposed such restrictions in an attempt to answer arguments by the oil exporting countries that the high prices which their crude is fetching on the spot market justify the imposition of special premiums on their exports.

But other EEC countries contend that these prices are not representative of the oil market as a whole. Their claim is borne out by new information by the European Commission, published yesterday.

This shows that the prices paid by consumers in the EEC have risen by 22 per cent since the end of last year. If the increase had been in line with the rise in spot market prices over the same period, it would have been 86 per cent.

Final details of the planned EEC monitoring system have yet to be worked out. But it is expected to require oil companies to register with governments all transactions over a certain size, giving data about quantities and prices. It has not yet been decided whether the information will be made public.

Governments would also seek to dissuade oil companies from making spot purchases or sales at prices substantially above those charged officially by producer countries.

North Sea

Mr. David Howell, Britain's Energy Secretary, said that the ministers had made definite progress towards greater solidarity in their approach to the Tokyo summit and were in a better position to embark on a dialogue with producer countries, if this were to materialise.

But he appeared unenthusiastic about suggestions that the UK should offer its EEC partners assurances of access to North Sea oil. There has been speculation that Britain may be faced with such requests at the Strasbourg summit later this week.

● EEC Finance Ministers yesterday agreed to throw squarely into the lap of the heads of Government the thorny problem of British and Italian demands for a fairer distribution of the EEC economic resources.

£ in New York

—	June 18	Previous
Spot	$2.1000-1010	$2.1100-1110
1 month	0.60-0.55 dis	0.65-0.60 dis
3 months	1.85-1.77 dis	1.56-1.61 dis
12 months	5.30-5.15 dis	4.60-4.50 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas. 13¾pc 1997	£100⅞	+ ⅜	ICI	360	+ 7
Treas. 12pc 1983 A	£97⅞	+ ⅜	MDW	48	+ 4
Berisford (S. & W.)	200	+ 10	MFI Furniture	132	+ 8
British Land	68½	+ 3½	Siemssen, Hunter	70	+ 8
Brown (J.)	511	+ 22	Trust House Forte	160	+ 4
Brown & Jackson	245	+ 20	Anglo United Devs.	255	+ 15
Cartiers	124	+ 8	Blyvoor	393	+ 37
ERF	113	+ 8	Durban Deep	495	+ 27
Fisons	261	+ 7	Kloof	755	+ 40
Furness Withy	293	+ 6	Libanon	722	+ 54
GEC	367	+ 5	Northgate Expln.	375	+ 45
Glaxo	460	+ 7	UC Investments	327	+ 15
Hambros	305	+ 25	Vaal Reefs	£18	+ ⅜
Hanger Invs.	78	+ 7	Westfield Minerals	210	+ 13
Heron Motor	47	+ 5½	FALLS		
Highland Elect.	66	+ 8	Bertam Cons.	193	− 7
House of Fraser	198	+ 18	Muar River	74	− 5
			Petaling	235	− 10

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TURKISH PREMIER FACES 'NO CONFIDENCE' VOTE

Ecevit in danger of overthrow

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, Turkey's Social Democratic Prime Minister, appears to have lost his majority in the ruling *National Assembly*.

He is in danger of being overthrown by the Right-wing opposition parties.

Apart from the protracted government crisis which could ensue, there might also be delays before Turkey is in a position to sign the stand-by arrangement with the International Monetary Fund, agreed in principle last week.

This agreement is necessary for Turkey to receive the Western credits which its ailing economy needs.

Last month, members of the Organisation for Economic Co-operation and Development agreed on an emergency package of £453m, while Western banks are arranging a credit of about £200m. Disbursement of both depends on Turkey reaching an agreement with the IMF.

Mr. Ali Riza Septioglu, a *Minister of State* in Mr. Ecevit's 17-month-old Government, resigned yesterday, and minutes later joined the main opposition Justice Party (JP) of Mr. Suleyman Demiral, the former Prime Minister.

Mr. Septioglu became the third Minister to quit Mr. Ecevit's Cabinet, and stop supporting the Government, in less than a month. Recently, five deputies defected from the Prime Minister's Republican Peoples' Party (RPP), increasing his loss in the 450-member Assembly.

Other resignations, both from the Ecevit Cabinet and party, are expected.

Mr. Ecevit—whose prestige is at a low ebb—is threatened with a vote of no confidence at a time of acute economic crisis and social tension in his country arising from political violence between right- and *left-wing groups*.

Last week, Mr. Ecevit—who sent the Turkish Army to Cyprus in 1974—reached an agreement in principle with the IMF for a standby loan. The agreement, concluded after a 43 per cent devaluation of the Turkish lire, made under pressure from the Fund, opened the way for an economic rescue operation.

Western States, banks and institutions pledged credits totalling £850m this year to end Turkey's economic crisis.

Mr. Demirel, the main opposition leader, yesterday claimed that with the resignation of Mr. Septioglu, "the Government has lost its majority in the Assembly."

According to his calculation, the Government was down to 220 votes and the right-wing opposition had 223, with one member undecided.

The right-wing leader has tabled a censure motion against Mr. Tuncay Mataraci, Minister of Customs and Monopolies, for alleged misuse of authority. This may be accepted on the agenda today.

The predominant opinion among political observers in Ankara is that Mr. Ecevit will fall, if not this week, then sometime during the month.

● *Turkey is to receive loans* totalling £40m from the Islamic Development Bank this year. Mr. Ziya Muezzinoglu, Turkish Minister of Finance, said yesterday, after talks with Mr. Ahmad Mohammad Ali, the bank's president.

Half the sum has already been approved by the bank's board of directors and is dispersible. Mr. Muezzinoglu said that of this sum, £5m would go to the Industrial Development Bank of Turkey.

The second £20m would become dispersible after board approval.

Prime Minister Bulent Ecevit

Dutch workers protest against public spending cuts

BY OUR AMSTERDAM CORRESPONDENT

THOUSANDS OF workers throughout Dutch industry are expected to down tools today to take part in a nationwide protest agains Government plans for public spending cuts.

A mass demonstration has been called in Utrecht by the Socialist-Catholic FNV trade union federation. It has advised members who cannot make the journey to the city to hold local protest meetings.

Private employers have *responded with a threat to withhold* pay from anyone who takes part in the protest. The Interior Ministry, which is responsible for public authority workers, has said time taken off work will be deducted from holiday entitlement.

Mr. Hans Wiegel, the Interior Minister and Deputy Prime Minister, has also ordered a minimum number of workers to stay on duty so that Government services do not break down.

Local authority workers in Amsterdam, The Hague and Rotterdam *are expected to stop* working. This means that public transport and refuse collection *services will be halted*. Many welfare services will also be affected.

The union is protesting against a number of Government measures which have become known as the "July 1 package" from the date they *are due to take effect.*

The measures are due to be debated in Parliament tomorrow and on Thursday. They are intended to back up the three-year programme of public spending curbs announced last year.

The Government plans to slow the rate of increase of public authority workers' salaries and *of social security benefits.* It also plans to drop the index linking of higher salaries — those above Fl 55,000 (£12,700).

The unions and the Left-wing political parties have criticised the measures as hitting the weakest members of society the hardest.

The unions also want to limit price compensation for high wage earners, but object to the way the Government's proposals will break central wage agreements already negotiated.

The annual wage round passed off peacefully in the past two years, but public service unions protested last year against the proposed limits on their members' salaries, which are linked to those of industry.

The salaries have been singled out for curbs after it was found they had been allowed to rise too fast.

Public service workers are prevented by law from striking, although Parliament is considering a change in the legislation.

Significantly, a judge accepted the right of railway workers to strike in a judgment delivered last Friday. *He banned a token* strike planned for yesterday by the transport unions, but did so on the grounds that negotiating procedures had not been exhausted.

Soviet bid to step up output of fast reactor

By Leslie Colitt in Berlin

A *TOP Soviet science official* says his country is developing a design of fast-breeder nuclear reactor with a "doubling time" of under six years.

This means that it will take less than six years to "breed" enough plutonium fuel to start another reactor.

The president of the Soviet Academy of Sciences, Mr. Anatoli Alexandrov, claims the U.S. has "mistakenly" chosen to develop fast-breeder reactors that would take 15-20 years to double their plutonium inventory. This rate will not meet America's energy needs, he claims, which will require a doubling "in under 10 years."

Mr. Alexandrov alleges that President Jimmy Carter recently forebade the construction of the Clinch River prototype fast-breeder reactor not in order to "prevent the spread of nuclear weapons" but because the design's rate of production of plutonium was "unsatisfactory."

In an article for a leading Communist Party journal published in Czechoslovakia, the Soviet scientist says that, without nuclear energy, countries such as the U.S., West Germany and Japan would "quickly lose their economic importance."

He charges that reports by the Western Press about the Three Mile Island nuclear accident in the U.S. in March "strongly exaggerated the basically insignificant unpleasant results."

He called this a continuation of the protest campaign against nuclear energy in the West in which the "masses frequently do not realise it reflects the line followed by the oil monopolies."

By 1990, *he says*, nuclear power stations in the European part of the Soviet Union will produce about one-third of total electricity output.

He discloses that nuclear district heating plants are being built in the "middle of residential complexes" in the cities of Gorki and Voronezh which "meet all safety requirements." Over the next 10 years, he writes, several hundred such nuclear heating plants are to be built.

David Fishlock adds: Countries outside the East Bloc have placed higher priority in recent years on the safe engineering of the fast reactor than on the "doubling time." Doubling time has little influence on the economics of the reactor, but is primarily of importance when the rate of electricity growth is high.

The Russians are chairmen of a committee of the U.S.-inspired International Nuclear Fuel Cycle Evaluation which is studying the fast reactor. It is understood that U.S. representatives on this committee have recently *been very critical.*

Luxembourg awaits PM

M. PIERRE WERNER, leader of Luxembourg's Social Christian Party, which emerged as the strongest in *the country's June 10 general* election, is expected to be named Prime Minister-designate today, writes our Luxembourg correspondent.

This follows talks which M. Jean Dupong, the former Education Minister, held with the three main parties.

A coalition between M. Werner's Social Christians and the *Democratic Party of the* former Premier, M. Gaston Thorn, seems most likely to succeed the Democratic-Socialist coalition.

Israeli settlements policy criticised by EEC ministers

BY ROBERT MAUTHNER IN PARIS

THE Foreign Ministers of the nine EEC countries yesterday issued a declaration strongly critical of Israel's policy on the Palestinian question and on Jewish settlements on the West Bank of the Jordan.

The declaration, adopted after a political co-operation meeting here, said the Nine considered that several Israeli Government policies were obstacles to the search for a peace settlement.

The Ministers emphasised, in particular, that Israel's claim to sovereignty over occupied territories was incompatible with the UN Security Council's Resolution 242, which stated that the acquisition of territories by force was inadmissible. The declaration also accused Israel of contravening international *law by its policy of promoting* Jewish settlements in occupied territories.

Repeating earlier statements by the Nine on the Middle East crisis, the Ministers again called on Israel to withdraw from territories which it had occupied since the six-day war in 1967.

They also emphasised that a just and lasting peace must take account of the legitimate rights of the Palestinians, including their right to a homeland.

The decalaration also expressed the Nine's strong support for the independence and territorial integrity of Lebanon, and deplored all acts which prevented the Lebanese Government from exercising its authority over the entire country, notably its southern regions.

On the subject of Vietnamese refugees, the Nine supported the urgent convocation of an international conference under UN auspices. The Ministers agreed that they would also make a diplomatic approach to the Vietnamese Government, with a view to finding a solution to the refugee problem.

They emphasised that the acceptance of refugees, now restricted to only a few countries, should be more fairly spread throughout the international community.

France presses demands for 2-3% farm price rise

BY MARGARET VAN HATTEM IN LUXEMBOURG

FRANCE PRESSED demands for a 2-3 per cent increase on all EEC farm products as Community *Farm Ministers began* talks in Luxembourg yesterday.

The ministers threw out all their officials and assessed each other's starting negotiating position behind closed doors. These positions, including their reaction to the British demand for a new "green pound" devaluation, were expected to be clarified later in the evening.

However, the earliest reports indicated wide gaps between member states on most major issues, and widespread hostility to the British request, particularly from France. This hostility centres not so much on the devaluation itself but to its being expressed at the same time as Britain is pushing for a price freeze.

M. Perre Mehaignerie, the French Agriculture Minister, was reported to have said that there could be no devaluation for Britain outside the context of an overall settlement.

The biggest single problem in this year's price review concerns the Community's dairy surplus. The Commission has proposed a tax of about 5 per cent on milk incomes in an attempt to curb production. Each member state objects to a different part of the proposed tax scheme, each for largely nationalist reasons, and not one state appears ready to accept the tax in its proposed form.

However, discussions this week may become so entangled on the issue of the general price level that there is already talk that the milk package may have to be set aside until the autumn. The Commission has estimated that failure to impose a tax of about 5 per cent in 1979-80 will add around 800m European units of account (just over £500m) to the EEC budget for that year.

Mr. Peter Walker, the new British Minister of Agriculture, said on his arrival in Luxembourg that he was looking forward to the price review and intended "to play a constructive and positive part in the council's discussions."

Danish tax package ready

BY HILARY BARNES IN COPENHAGEN

AFTER MORE than a week of negotiations the Social Democratic-Liberal coalition appeared to be close to agreement yesterday on economic stabilisation measures.

The main ingredients are expected to be: energy taxes, including increased taxes on petrol, heating oil and electricity, amounting to a total of about Kr 4bn (£350m); reductions of about Kr 4bn in the projected expenditure of local authorities in the coming year; and a reduction of about Kr 2bn in projected Government expenditure. The Kr 10bn package is equal to about 3 per cent of 1978 gross domestic product.

The measures are intended to prevent a runaway increase in public spending, rising at a real rate of about 5.5 per cent this year, and to prevent a serious deterioration in the balance of payments deficit. Without these measures, the deficit would probably rise from an expected Kr 10bn this year to around Kr 14bn in 1980.

W. German spies jailed

BY JONATHAN CARR IN BONN

ONE OF the most serious espionage cases in NATO history—an affair which forced the resignation last year of Herr Georg Leber, the West German *Defence Minister—has ended in* heavy sentences by a Duesseldorf court.

In its verdict yesterday, the court convicted Herr Lothar Lutze, aged 38, and his wife, Renate, aged 39, of treason, and sentenced them to 12 years' and six years' imprisonment respectively.

The couple and their accomplices were found guilty of betraying nearly 4,000 pages of documents from the Defence Ministry to East Germany.

Honecker, Nkomo in aid talks

BY OUR BERLIN CORRESPONDENT

MR. JOSHUA NKOMO, co-president of the Patriotic Front guerrillas fighting against the Muzorewa Government in Zimbabwe Rhodesia, is in East Germany for talks on increased aid, including military supplies.

The Soviet Union is deploying the East Germans increasingly in southern Africa to carry out Soviet policy, as Moscow does not want to be seen as a direct participant in the struggle.

East Germany is expected to grant Mr. Nkomo's request for more aid as Herr Erich Honecker, East Germany's President and party leader, sent a message to him and his co-president, Mr. Robert Mugabe, last week, assuring them of East Germany's "unconditional solidarity."

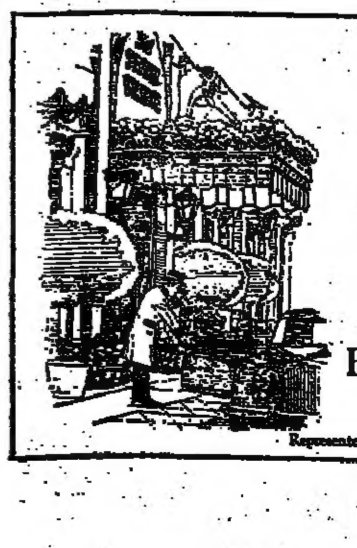
Mr. Nkomo's first talks in East Berlin were with General Heinz Hoffmann, the Defence Minister, who is also a member of the Politburo. Gen. Hoffmann headed a large East German military delegation to the front-line African states last month and disclosed that East Germany was providing "military aid for the just struggle of the African peoples."

At a meeting in the East German Defence Ministry, Mr. Nkomo thanked the country's "workers and soldiers" for their "ties of solidarity," before going on to a meeting with Herr Honecker. The two men last conferred in February during a visit by the East German leader to the front-line states.

The East Germans are refusing to divulge the nature of the military assistance they are providing, but it is thought to have been mainly regular army training. East Germany has a military clause in its recently signed friendship treaty with Mozambique. That country's border with South Africa has led to speculation that the East Germans may become more active on that front as well.

Some Communist diplomats in East Germany compare the country's ambitious new African engagement with the role Czechoslovakia played for the Soviet Union in the 1950s and 1960s when it was leading supplier of Warsaw Pact arms in various parts of the globe. The task proved to be too much of a burden for the Czechoslovak economy and was brought to a sudden end under Mr. Dubcek in 1967.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.



Swiss prices up but inflation level still low

BY JOHN WICKS IN ZURICH

ALTHOUGH THE Swiss cost of living has been accelerating since last autumn, the country is still not faced with an inflation problem. This is claimed in the latest quarterly report of Switzerland's Commission for Economic Studies, which indicates that retail and wholesale prices will initially continue to rise rather faster but should slow down again towards the end of the year.

Last month, the national inflation rate was the highest for over three years—but still was only 2.8 per cent annually.

The higher inflation rates, says the Commission, are not a result of the rapid increase in money supply in recent months but rather of the comparison with the very low 1978 percentages. These in turn were brought about by the appreciation of the exchange rate and the consequent drop in Swiss franc import prices. The Commission points to the marked improvement of business for most sectors of the economy due to the weakening of the exchange rate.

Government figures show that unemployment dropped by 5.3 per cent last month, to 10,557—or 0.4 per cent of the total workforce—but was still 12.7 per cent higher than a year earlier. There were 8 per cent more situations vacant offered by labour exchanges than in May, 1978, however.

At the same time, exports were up by 8.3 per cent and imports by 13.8 per cent last month in an annual comparison. Import prices were down by an average of 15.5 per cent, while actual import volume 34.8 per cent. With a 2.3 per cent increase in the average export value, the real increase in exports was only 5.6 per cent.

In the first five months of 1979, the Swiss trade gap totalled SwFr 1.49bn (£416m), or over double the SwFr 714.1m booked for the similar period last year.

Faster growth forecast for Nordic economies

BY WILLIAM DULLFORCE IN STOCKHOLM

THE ECONOMIES of the Nordic countries will grow faster than those of most other OECD countries this year and next, after three years in which their performance has been much weaker than the OECD average. But the profile for 1980 points to a further fall in the growth impetus.

This forecast is contained in "Nordic Economic Outlook," the analysis produced jointly every six months by the federations of industries in Denmark, Finland, Norway and Sweden. Their experts predict a 4 per cent GDP growth for the area this year, tapering off to 3.75 per cent in 1980.

The sluggish domestic demand of the past few years in all four countries has been the price they have paid for giving priority to their current account imbalances. The combined current account deficit was reduced from $9.6bn in 1977 to $3.9bn last year.

The federations, however, expect the deficit to accelerate again this year to $5bn. Norway's rising oil income is estimated to cut its deficit to $200m in 1980, outweighing further rises in the Swedish and Danish curernt account deficits.

Private investment in the Nordic area is expected to experience a minor upswing after falling to a very low level over the past few years. Denmark the only country to show some growth last year, should have a further increase this year, while growing optimism in Finnish and Swedish business will, it is hoped, result in a decisive rise.

All four Nordic countries curbed their inflation rates last year, but prospects for 1979 and 1980 vary. A wages and price freeze is operating in Norway. Finland expects to keep the rise in prices to 7-8 per cent this year, but inflation is forecast to accelerate in Denmark and Sweden.

Mitterrand faces new leadership challenge

By David White in Paris

THE FRENCH Socialist Party's lower than expected score in the European election has provided the pretext for a fresh and sharpened internal conflict. The latest row between M. Francois Mitterrand and his two powerful opponents in the party, M. Michel Rocard and M. Pierre Mauroy, is seen as the launching of an open succession battle for the leadership and for the Socialists' presidential nomination in 1981.

The conflict has been smouldering since M. Mitterrand's setback at the party congress in Metz in April, when he received the backing of only 47 per cent for his policy resolution.

Things flared up at the weekend, when the management committee met for a European election post-mortem. M. Mauroy, mayor of Lille and head of one of the party's most powerful regional federations, criticised both the party's organisation and its platform for the election, when the Socialists lost part of their advantage over the Communists in the balance of the French Left.

His reproaches prompted M. Mitterand to call a national convention for next Sunday, but both M. Mauroy and M. Rocard, who is M. Mitterrand's main rival for the leadership, said they and their supporters would boycott it because it was called too hastily.

An opinion poll at the weekend showed M. Mitterrand slightly ahead of M. Rocard in a dry-run presidential election. According to the poll, President Valery Giscard d'Estaing would beat M. Mitterrand with 53 per cent of the vote, and M. Rocard with 55 per cent.

Venice rejects split

THE voters of Venice rejected by three to one at the weekend proposals to split the city and the Mestre industrial zone on the mainland into two separate administrative units, writes Rupert Cornwell in Rome. Although the referendum was technically only consultative, the regional authorities indicated that they would accept a convincing demand for a split.

German politicians' banking role criticised

BY JONATHAN CARR IN BONN

POLITICAL embarrassment for leading members of West Germany's ruling parties and a renewed debate on the role of the country's Landesbanks seem bound to follow release of a notably blunt provincial Parliamentary report.

The report criticises by name politicians involved in the supervision of the Westdeutsche Landesbank (West LB) at the time its former executive chairman, Herr Ludwig Poullain, stepped down, amid sharp public controversy.

The politicians include Herr Friedrich Halstenberg, treasurer of Chancellor Helmut Schmidt's Social Democrat Party (SPD), and Herr Burkhard Hirsch, Interior Minister of the state of North Rhine-Westphalia and a member of the SPD's coalition partner, the Free Democrats (FDP).

The report also recommends replacement of some of the Ministers on West LB's administrative council by non-Cabinet banking experts, and establishment of a clear division between the State's supervisory and administrative tasks.

The report was released in Duesseldorf, the State capital, by a nine-member, all-party investigating committee of the State Parliament.

It is felt likely that most of its recommendations will be followed—and that action here may well set a precedent for other federal States.

The committee was set up in February, 1978, to examine the circumstances in which Herr Poullain left the West LB, and the extent to which State representatives played their proper part in supervision of the bank's affairs.

The Sate is involved because the West LB acts, among other things, as the central bank of North Rhine-Westphalia. Government members, therefore, have six places on the bank's administrative council.

Herr Poullain announced on December 23, 1977, that he was resigning as chairman — only three weeks after the administrative council (including State representatives) had re-elected him for a further five years.

In January, 1978, Herr Poullain was summarily dismissed by the bank with effect from December 23.

Last month, Herr Poullain was charged by a Bielefeld State prosecutor with fraud and breach of trust—which he promptly denied "in every point."

He has also been taking legal steps against what he feels to have been wrongful dismissal.

The investigating committee's report finds that Herr Halstenberg, then Finance Minister of North-Rhine-Westphalia, had known about investigations by the State Prosecutor's office well before Herr Poullain's re-election on December 2, 1977.

But it says he neither took energetic measures to prevent the re-election, nor to see if the prosecutor's proceedings could be speeded up, nor to inform his Economics Ministry colleague.

Herr Hirsch is said by the report to have taken part in only one of 16 meetings of the bank's credit committee. He explained this primarily by pressure of other tasks.

It could not be excluded that the Minister had harmed the bank by this attitude, the report said.

Urenco undeterred by nuclear slowdown

BY CHARLES BATCHELOR IN ALMELO

THE URENCO uranium enrichment plant at Almelo in the Netherlands was once listed in the local trade directory under "spin-dryers and washing machines." The confusion arose because the Dutch part of the Anglo-German-Dutch venture is Ultra-Centrifuge Nederland (UCN)—and centrifuge has both meanings.

Any uncertainty remaining over the purpose of the plant, three miles from the centre of the small town of Almelo, was dispelled in March last year. More than 30,000 demonstrators surrounded the wire fencing and broke a few windows in protest against a plan to enrich uranium for Brazil. After lengthy and heated debates in the Dutch parliament, where many MPs were worried that the uranium could ultimately be used to make nuclear weapons, the deal has gone ahead. But the whole episode has not been without its consequences for Urenco.

Britain, the Netherlands and West Germany agreed to pool their research and development activities into the enrichment of uranium and signed the "Almelo treaty" in March 1970. A network of interlocking companies was set up involving both government and private industry capital.

The headquarters and joint sales organisation, Urenco, is based in Marlow in the UK while research goes on in all three countries. The two uranium enrichment plants currently in operation are at Almelo and Capenhurst in the UK, while a third plant at Gronau, just over the border from Almelo, is expected to be in operation in the early 1980s.

Almelo consists of two pilot plants of 25 tonnes capacity each and a 200-tonnes demonstration plant. This has shown that the technology developed in the pilot plant is applicable on a larger scale, but it is not large enough to cover the costs of its operations.

Work has now started on the first stage of a commercial plant which will ultimately have 1,000 tonnes capacity. The beauty of the centrifuge process, as against the gas diffusion method used in the U.S. and France, is that it is economic to add small units of extra capacity. This means a large financial commitment can be avoided in an uncertain market.

At first, only 400 tonnes capacity will be built around a central core housing the essential ancillary equipment. Later, units of 200 tonnes can be added as the need arises. Although this plant is designed for capacity of 1,000 tonnes, the technology is advancing so rapidly that 1,300 tonnes may be squeezed into the same space.

With the exception of the marketing department, which is in the U.K., Almelo is a fully self-contained operation. It has its own laboratory where much of the technology has been developed and its own factory to produce the centrifuge units which are at the heart of the process, according to Dr. Maarten Bogaardt, technical director of UCN.

By this method, the fissile uranium-235 isotope, which occurs in concentrations of 0.7 per cent naturally, is increased to about 3 per cent. The enriched uranium is cooled and piped back into small containers which are returned to the customer.

The controversy over the project has had two consequences for the Urenco group. The German utilities, which are large customers, pressed for the setting up of a plant in Germany —at Gronau—beyond the control of the strong anti-nuclear lobby in the Netherlands.

It also persuaded the five Dutch companies who together own 45 per cent of UCN that political considerations would weigh more heavily than commercial ones. This decided the Royal Dutch Shell group, the chemicals concern DSM, Philips, the shipbuilder Rijn-Schelde-Verolme, and the engineering group VME-Stork against participating in a planned capital rise. When this goes through, the Dutch state will hold nearly 99 per cent of UCN. However, a number of German concerns remain shareholders in the German partner, Uranit.

According to Mr. Johan van Hasselt, administrative director of UCN and a former Shell manager, the move to almost complete state control will not change UCN's commercial character. "This won't make it any more difficult for us to carry on our work. Since Parliament has to approve the export licences, we are under the politicians' control anyway."

A group of Christian Democratic MPs is calling for a meeting with the Dutch Foreign Minister to discuss reports that secrets stolen in the Netherlands could give Pakistan the capacity to make nuclear weapons, writes Charles Batchelor. An investigation into claims that a Pakistani metallurgist, who worked in Urenco, stole documents between 1972-75, was begun in October and is still continuing.

The MPs are particularly concerned that secret service screening procedures may not be tight enough and that Holland's position as an opponent of the spread of nuclear weapons may have been damaged.

Urenco claims that, of the world's four enrichment suppliers, only two are attempting to operate on a commercial basis. The U.S. Department of Energy, which operates more than 60 per cent of the world enrichment capacity of 30,000 tonnes, quotes unrealistically low prices which barely cover its energy costs. The U.S. price of $86 per kg should be at least 50 per cent higher if normal commercial criteria were applied, Mr. van Hasselt says.

The Soviet Union, with around seven per cent of world capacity, deliberately sets its prices five per cent below the U.S. level. This leaves the French group, Eurodif, which will soon have 25 per cent of world capacity, and Urenco, with about five per cent—when its present expansion to 2,000 tonnes is completed—to compete on a commercial basis.

Although Urenco's prices are higher than those of the U.S. or the USSR—a recent contract was reportedly signed for $100 a kilo—it claims to offer a better service. Some customers have become concerned at the U.S. Department of Energy's high-handed tactics and have switched contracts to either Urenco or Eurodif.

Urenco now has orders for 27,000 tonnes of enrichment work worth Fl 6bn (£1.36bn) which will keep its plants in the UK, the Netherlands and soon West Germany, busy until 1995. Sixty per cent of the work is for German customers, 30 per cent for those in the UK and ten per cent for Brazil.

Ironically, its only customer in the Netherlands is the small experimental nuclear power station at Dodewaard near Nijmegen. The Netherland's only commercial nuclear power station at Borssele, with 450MW capacity, obtains its enriched uranium requirements from the U.S.

Although the length parliamentary delays have meant UCN is having to expand rapidly to fulfil its contracts, uranium enrichment capacity in the world is at present double the annual demand of 15,000 tonnes. Demand is forecast to grow to 45,000-50,000 tonnes by 1990 and may then slightly exceed capacity.

BREZHNEV AND CARTER SIGN SALT-2 TREATY

Main points of accord limiting strategic weapons

THE BASIC elements of the SALT II agreement, which is designed to run until the end of 1985, have been known for some time. The main items are:

Weapons

An initial limit of 2,400 strategic nuclear weapons on both sides, declining to 2,250 by the end of 1981. This would require the Soviet Union to dismantle 250 to 300 weapon systems.

Warheads

Various sub-limits on MIRV (Multiple Independent Re-entry Vehicles—that is, those with multiple warheads which can be separately targeted)—with an overall ceiling of 1,320 units. This breaks down into a sub-limit of 820 for MIRVed Intercontinental Ballistic Missiles (ICBMs) and 1,200 for ICBMs plus MIRVed submarine-launched ballistic missiles. The total of 1,320 is reached by adding long-range bombers carrying Cruise missiles (pilotless, low-flying subsonic drone aircraft).

Missiles

Neither side may introduce more than one type of inter-continental ballistic missile during the life of the treaty.

Monitoring

The understanding that each side will be able to verify the other's deployment of missiles. This has been one of the principal sticking points in the past year, particularly since the loss of the U.S. monitoring bases in Iran, and may still be a problem in the U.S. Senate debate.

Cruise

An accompanying protocol, lasting until 1981, barring deployment of ground and sea-launched Cruise missiles with a range of more than 375 miles, and limiting the deployment of mobile missile systems.

Bomber

A side letter covers the Soviet "backfire" bomber, which is not referred to in the treaty itself. In the letter, the Soviet Union agrees not to increase production beyond the present estimated rate of 30 a year, and to refrain from giving it the capability of striking the U.S.

Leaders agree to future meetings, more co-operation

In the communique both the U.S. and the Soviet Union say they want to continue working towards a more stable and constructive foundation for relations between them, and to this end they will need to expand areas of co-operation.

The two leaders also felt that the Vienna summit confirmed the usefulness of personal meetings between them and agreed in principle that such meetings would be held on a regular basis in future.

Limitations of nuclear and conventional arms: The two sides reaffirmed their deep conviction that special importance should be attached to the problems of the prevention of nuclear war and to curbing the competition in strategic arms. Both sides recognised that nuclear war would be a disaster for all manind. Each stated that it is not striving and will not strive for military superiority, since that can only result in dangerous instability, generating higher levels of armaments with no benefit to the security of either side.

(The communique outlined the following key areas.)

SALT: In the course of the meeting President Carter and President Brezhnev confirmed and signed the treaty between the U.S. and the USSR on the limitation of strategic offensive arms, the protocol thereto, the joint statement of principles and basic guidelines for subsequent negotiations on the limitation of strategic arms and the document entitled Agreed Statements and Common Understanding Regarding the Treaty between the U.S. and USSR on the Limitation of Strategic Offensive Arms.

At the same time, the sides again stressed the great significance of the Treaty of the Limitation of Anti-Ballistic Missile Systems and strict compliance with its provisions and of other agreements previously concluded between them in the field of strategic arms limitation and reducing the danger of nuclear war.

Both sides expressed their deep satisfaction with the process of the negotiations of strategic arms limitations and the fact that their persistent efforts for many years to conclude a new treaty has been crowned with success. This treaty sets equal ceilings on the nuclear delivery systems of both sides; to begin the process of reductions it requires the reduction of existing nuclear arms; to begin to limit the threat represented by the qualitative arms race it also places substantial constraints on the modernisation of strategic offensive systems and the development of new ones . . .

President Carter and President Brezhnev discussed questions relating to the SALT 3 negotiations, and in this connection expressed the firm intention of the sides to act in accordance with the joint statement of principles and basic guidelines for subsequent negotiations on the limitation of strategic arms.

Comprehensive test ban treaty: It was noted that there has been definite progress at the negotiations, in which the UK is also participating, on an international treaty comprehensively banning test explosions of nuclear weapons in any environment, and an associated protocol. They confirmed the intention of the U.S. and the USSR to work, with the UK, to complete preparation of this treaty as soon as possible.

Non-Proliferation: The two sides reaffirmed the importance they attach to nuclear non-proliferation. They consistently advocated the further strengthening of the regime of non-proliferation of nuclear weapons and confirmed their resolve to continue to comply strictly with the obligations they have assumed under the treaty on the non-proliferation of nuclear weapons. They stressed the importance of applying comprehensive international safeguards under the International Atomic Energy Agency and pledged to continue their efforts to strengthen these safeguards. . .

Both sides further committed themselves to close co-operation, with other countries, to ensure a successful conclusion to the Non-Proliferation Treaty Review Conference in 1980, and called upon all states which have not already done so to sign and ratify the non-proliferation treaty.

Vienna negotiations: President Carter and President Brezhnev emphasised the great importance the sides attached to the negotiations on the mutual reduction of forces and armaments and associated measures in central Europe in which they are participating with other states. A reduction of the military forces of both sides and the implementation of associated measures in central Europe would be a major contribution to security and stability.

ASAT: It was also agreed to continue searching actively for mutually acceptable agreement in the negotiations on anti-satellite systems.

Conventional arms transfers: The two sides agreed that their respective representatives will meet promptly to discuss questions related to the next round of negotiations on limiting conventional arms transfers.

Chemical weapons: The two sides reaffirmed the importance of a general, complete and verifiable prohibition of chemical weapons and agreed to intensify their efforts to prepare an agreed joint proposal for presentation to the Committee on Disarmament.

Radiological weapons: President Carter and President Brezhnev confirmed that bilateral agreements on major elements of the treaty banning the development, production, stockpiling and use of radiological weapons has been reached. An agreed joint proposal will be presented to the Committee on Disarmament this year.

Indian Ocean: The two sides agreed that their respective representatives will meet promptly to discuss the resumption of the talks on questions concerning arms limitation measures in the Indian Ocean.

International issues: There was a broad exchange of views on major international issues. The two sides expressed their support for the process of international detente.

Preident Carter and President Breshnev devoted particular attention to situations of tension which complicated the international situation and interfered with positive developments in other areas.

The sides noted with satisfaction the positive developments which have taken place in recent years with respect to the situation on the European continent. They underscored the significance of the Final Act of the Conference on Security and Co-operation in Europe. The two sides agreed that continuation of the CSCE process is important to promote security and co-operation in Europe. They called attention to the need for full implementation of all the provisions of the Helsinki Final Act.

Each side reaffirmed its interest in a just, comprehensive and lasting peace in the Middle East and set forth its position on ways and means of resolving the Middle East problem.

There was an exchange of views concerning developments in Africa. They noted some normalisation of the situation in certain areas of that continent, and the efforts of the independent states of Africa towards co-operation, economic development and peaceful relations and the positive role in this respect of the Organisation of African Unity. They also indicated their respective views regarding the situation in southern Africa.

The sides recognised the importance to world peace of peace and stability in Asia. They agreed that the independence, sovereignty and territorial integrity of all nations in the area must be fully respected. They also indicated their respective views regarding the situation in south-east Asia.

Soviet Backfire statement: On June 16, 1979, President Brezhnev handed President Carter the following written statement: "The Soviet side informs the U.S. side that the Soviet TU-22M airplane, called Backfire in the U.S., is a medium-range bomber and that it does not intend to give this airplane the capability of operating at inter-continental distances. In this connection, the Soviet side states that it will not increase the radius of action of this airplane in such a way as to enable it to strike targets on the territory of the U.S. Nor does in intend to give it such a capability in any other manner, including by inflight refuelling. At the same time the Soviet side states that it will not increase the production rate of this airplane as compared to the present rate."

President Brezhnev confirmed that the Soviet Backfire production rate would not exceed 30 per year.

President Carter stated that the U.S. intends to enter into the SALT 2 agreement on the basis of the commitments contained in the Soviet statement and that it considers the carrying out of these commitments to be essential to the obligations assumed under the treaty.

Protocols to the Treaty

THE U.S. and the USSR, hereinafter referred to as the parties, having agreed on limitations on strategic offensive arms in the treaty, have agreed on additional limitations for the period during which this protocol remains in force, as follows:

Article 1:

Each party undertakes not to deploy mobile Intercontinental Ballistic Missile (ICBM) launchers or to flight test ICBMs from such launchers.

Article 2:

Each party undertakes not to deploy cruise missiles capable of a range in excess of 379 miles on sea-based launchers or on land-based launchers. Each party undertakes not to flight test cruise missiles capable of a range in excess of 600 kms which are equipped with multiple independently targetable warheads from sea-based launchers or from land-based launchers. For the purpose of this protocol cruise missiles are unmanned, self-propelled, guided, weapon - delivery vehicles which sustain flight through the use of aerodynamic lift over most of their flight path and which are flight tested from or deployed on sea; based or land-based launches, that is, sea-launched cruise missiles and ground-launched cruise missiles respectively.

Article 3:

Each party undertakes not to flight test or deploy ASBMs (Air to Surface Ballistic Missiles).

Article 4:

This protocol shall be considered an integral part of the treaty. It shall enter into force on the day of the entry into force of the treaty and shall remain in force through December 31, 1981, unless replaced earlier by an agreement on further measures limiting strategic offensive arms.

Vienna may lead to 'better understanding'

BY DAVID SATTER

PRESIDENT CARTER and President Brezhnev got along well together, which might make it easier to resolve future differences, Soviet officials said

Although the remarks of Mr. Leonid Zamyatin, the Soviet spokesman, and Soviet press reporting have been unexpectedly derisory when referring to areas of disagreement, Soviet officials said the general atmosphere of the talks had been positive.

Tass, the Soviet news agency reported a Soviet refusal to agree to the use of United Nations forces in support of the Israeli-Egyptian peace treaty, saying: "The USSR will not back proposals intended to exploit the United Nations for corroboration of the Egyptian-Israeli separate deal."

The Tass report, which was carried in Soviet morning newspapers, also reported the remark, attributed to Mr. Brezhnev, that U.S. concern over a Soviet role in the creation of the "arc of crisis" along the Soviet Union's southern border was "idle invention," and that it was surprising that the U.S. saw fit to designate an area far from the U.S. as "a sphere of vital interests of the U.S."

The Tass report also ridiculed U.S. concern about the Soviet arms build-up in Europe, as Mr. Zamyatin had at the Press conference. But the discussion of areas of conflict had been "important to an understanding of the realities of the contemporary world," Soviet officials said privately.

The Soviet official said the meeting was positive because a whole range of disarmament proposals had been discussed, including non-proliferation and forces reduction. Each side, at the highest level, had the opportunity to explain its policies, and Mr. Carter and Mr. Brezhnev had succeeded in establishing a personal relationshiu.

ALL SMILES . . . Carter and Brezhnev before the signing.

Senate opponents start new public attacks on treaty

BY DAVID BUCHAN IN WASHINGTON

SENATE OPPONENTS of the new Salt-II treaty stepped up their public attacks on it only hours after the Vienna signing ceremony yesterday, with Senator Jake Garn, a Conservative Republican, warning against what he called the widespread misapprehension that it would reduce nuclear armaments.

Only minor reductions would be required on missile launchers, while stocks of nuclear warheads would be restrained, he told a Capitol Hill press conference yesterday. Another Republican Rightwinger, Senator Jesse Helms, called on the Carter Administration not to mislead the Senate over SALT II as it bad done in the debate over the Panama Canal treaties.

Senator Helms also urged the Democratic leadership of the Senate to allow the televising of the final floor debate on ratification of the SALT II treaty, "because until those debates begin, the Administration and its supporters will have a virtual monopoly on the presentation of their viewpoint."

Mr. Thomas Watson, former chairman of the board of International Business Machines is expected to be nominated soon by President Carter as the next U.S. Ambassador to the Soviet Union, it is reported. This appointment will be taken as a sign that the U.S. wants to push trade links with Moscow. IBM has long urged an expansion of U.S.-Soviet trade.

The North Carolina Conservative promised to play fair and restrain himself in the forthcoming Senate debate—where a two-thirds majority (67 votes) is needed to ratify the treaty—but said this should equally apply to those "who cry that if the treaty fails, America runs the risk of being seen as a hypocritical nation, with peace on its lips and war in its heart."

Meanwhile, Dr. Henry Kissinger, the former Secretary of State whose eventual verdict on SALT II is expected to sway a number of middle-of-the-road Senators at present doubtful or ignorant about the new treaty, said yesterday he would withhold judgment until top Administration officials had testified before Senate committees. These hearings are due to start in the second week of July.

Dr. Kissinger said the critics of SALT II must show that the U.S. would be better off without the agreement, while the Carter Administration had to demonstrate that the accord would not weaken the U.S. nuclear ability.

AMERICAN NEWS

Britons evacuated from Nicaragua

BY HUGH O'SHAUGHNESSY

AS FIGHTING continues to rage between the National Guard and Sandinista guerrillas in many towns in Nicaragua, some dozen Britons have been evacuated to Panama in a U.S. Air Force airlift. In a desptatch from Managua, the Paris daily, Le Monde, said an unmarked aircraft and personnel who had worked for the U.S. airline, Air America, a company whose name had been linked with the CIA during the Vietnam war, had been sighted at Managua airport.

Although the outcome of the present insurrection against the rule of President Anastasio Somoza continues to be in doubt, the Sandinistas appear to have won a number of tactical and diplomatic points over the weekend.

After heavy fighting on Sunday the rebels captured the Acosasco fortress of the National Guard in Leon, the country's second city, and burned it. They now appear to be in practical control there.

At the same time the Sandinistas are reported to be making great efforts to advance north from their strongholds near the southern border with Costa Rica and take the town of Rivas. This is where it is expected they will constitute a provisional government. The Sandinistas have named a five-man junta to head this government, which will seek international recognition and help.

Further evidence of waning international support for the Somoza Government came when Ecuador announced it was breaking off diplomatic relations on Sunday. Ecuador has followed the lead set by Mexico and Costa Rica. The Andean countries as a whole, Ecuador, Peru, Bolivia, Colombia and Venezuela, have announced that they recognise a state of belligerency in Nicaragua.

While not according formal recognition to the Sandinistas, the move allows the five countries to deal evenhandedly with each of the opposing forces.

Although President Somoza has sought the intervention of the Washington-based Organisation of American States on his behalf, any lingering hope that he had of obtaining OAS military support was dimmed when the Brazilian Foreign Office announced it would not favour such a move.

Despite these reverses, President Somoza can count on the help of a number of countries and he has this month publicly thanked the Governments of Chile, Argentina and Uruguay for the aid they have given him.

Foreign investment welcomed by Commerce Department

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Government is adopting an increasingly positive attitude towards foreign investment in the U.S., Mr. Frank Weil, Assistant Secretary of Commerce for Industry and Trade at the U.S. Department of Commerce, told a Financial Times conference in New York yesterday.

Mr. Weil said that official policy was neutrality towards inward investment, because the U.S. did not want to get into a bidding contest for foreign investment by competing with other nations in offering subsidies.

Inducements

He suggested that it was a mistake for individual States to compete with each other by offering inducements to foreign investors, since this only reduced the aggregate benefit of new investments. Congress had looked askance at such competition before and would do so again if it was carried to excess, he said.

But he added that for a number of reasons the Federal Government was moving towards a more open door, non-discriminatory policy towards foreign investment than had traditionally been the case.

Among the factors influencing Government policy was the benefit to the value of the dollar through the balance of payments effects of foreign direct investment.

Mr. Weil pointed out, too, that for the first time in perhaps 20 or 30 years the U.S. is in a position where it can benfit from foreign know-how and the introduction of foreign capital and management techniques.

To illustrate the point, he cited the case of the Japanese electronics concern Sony, which, partly because of its management techniques, has been able to improve its productivity at its U.S. plants in comparison with some of its competitors, even using American workers.

The impact of foreign capital in contributing to U.S. productivity at a time when the U.S. has an alleged capital shortage and a serious productivity problem were other factors influencing the Federal Government's policy, he said.

Speaking personally, Mr. Weil said that he believed there was a need for less legal discrimination against foreign investors particularly in the communications and transportation industries.

One factor clearly influencing the Federal Government's attitude is the evidence that the scale of foreign investment in the U.S. in relation to the total economy is relatively small in spite of rapid growth over the past four years.

Growth

Mr. Weil conceded, however, that as a result of this growth there is a growing interest in the issues raised by foreign direct investment and the beginnings of a public policy debate on these issues.

Earlier in the day Mr. Edward L. Palmer, chairman of the executive committee of Citicorp, the second largest U.S. bank, argued forcefully that provided New York City can "endure as a viable urban centre" which he said was a reasonable assumption, then it promises to be the best site for the headquarters of a global financial intermediary for the balance of this century.

He said that four criteria the city fulfilled were that it should attract the most talented managerial and professional people, should have the expertise to develop a long-term corporate strategy, must be a global financial centre and must be itself a major market.

Mr. Palmer said that New York had been a showcase for the problems of older cities in recent years, with manufacturing employment, for example, declining 50 per cent in the past 20 years as industry shifted.

But he said that this was not the first time the city's industrial mix had changed and that as it declined as a manufacturing centre it was growing as a world financial and services centre.

Venezuela to invest \$2.3bn in Orinoco oil

By Kim Fuad in Caracas

VENEZUELA'S state oil monopoly, Petroleos de Venezuela has allocated some \$2.3bn up to the end of 1988 for developing the Orinoco oil belt, according to Sr. Julio Cesar Arreaza, the company's vice-president.

The company's overall capital investment plans for the 10 years call for more than \$25bn to expand exploration production, refining and other activities, Sr. Arreaza said at a press conference to present the oil monopoly's 1978 annual report.

The allocation of funds for developing the Orinoco belt, thought to be the western hemisphere's largest single accumulation of non-conventional heavy oil, reflects growing concern over the decline in production, potential and proven reserves in the ageing traditional fields.

These now produce nearly 2.4m barrels a day, compared with a peak production of 3.7m b/d in 1970. Potential has fallen from 4m b/d to under 2.5m b/d, while vital light-gravity crudes represent only a fifth of proven reserves, which total almost 18,200m barrels.

Sr. Arreaza's breakdown of the planned \$25bn investment, in addition to the Orinoco belt, included more than \$5.1bn for exploration, more than \$11bn for production, \$8bn for refining, and the rest for domestic supply and transport.

Sr. Arreaza said exports in 1978 had declined by 1 per cent, giving an average of 1.968m b/d, while average export prices dropped by \$0.30. to \$12.04 a barrel last year.

Islanders riot

MR. PATRICK JOHN, Prime Minister of Dominica, said he would convene the Caribbean island's Parliament yesterday after a weekend of unrest and the resignation of the four remaining members of his Cabinet. During the weekend riots against Mr. John's rule a number of public buildings were set on fire.

Wage guidelines hit by rubber pay deals

BY JOHN WYLES IN NEW YORK

THE CARTER Administration's pay restraint guidelines are facing another major embarrassment following agreements during the weekend which are expected to result in increases in pay and benefits of more than 40 per cent for 55,000 rubber industry workers.

The agreements, the first with B. F. Goodrich and the second made yesterday with strike-bound Uniroyal, will almost certainly be implemented by the Firestone Tire and Rubber Company. However, the industry's largest company, Goodyear Tire and Rubber, may find it difficult to endorse it, and this is a potential sticking point for other agreements.

Full details of the Goodrich and Uniroyal agreements were due to be published late yesterday but in outline they look to be resounding victories for the United Rubber Workers Union. The settlement with Uniroyal, which has been on strike since May 9, is remarkable because it includes a letter from the company apologising for its public denials that a tentative agreement was reached on April 18. The URW proclaimed an agreement on that day which the company subsequently denied existed largely because of Administration objections that it breached the guidelines.

The new setlements do not appear to be any more in compliance but the Administration may again be ready to exclude certain elements and to claim that the guidelines' 22.5 per cent pay and benefits limit over three years has not been substantially exceeded. This was the approach used to endorse the trucking industry's settlement in April but it suggests that the guidelines are becoming less and less relevant for major negotiations now under way in the electrical goods industry and for car industry talks which start next month.

Reports yesterday indicated that the Uniroyal settlement may be larger than the 40 per cent or so agreed by Goodrich. Of special relevance for the auto negotiations is the fact that the companies appear to have agreed to improve the cost of living allowance formula which will now trigger rises for each 0.26 per cent increase in the cost of living index instead of the 0.3 per cent which previously applies and which is part of the auto industry's current agreement.

Goedrich has also agreed to sign a letter proclaiming a neutral stance in any union organising efforts at its tyre plants. In the case of Goodrich this is of largely symbolic importance and the union's real target is a similar undertaking from Goodyear whose largest tyre plant will be a new facility due to go into production in Oklahoma this year

Public sector jobs cut

BY VICTOR MACKIE IN OTTAWA

ABOUT one-third of the 60,000 jobs the new Canadian Government hopes to trim from the public service pay-roll over three years, will be achieved through disbanding Crown corporations and returning them to the private sector, Mr. Sinclair Stevens, Treasury Board president, said yesterday.

Petro-Canada, the Government's oil agency, was on the "short list" of agencies to be considered for such a move. But Mr. Stevens declined to give further details.

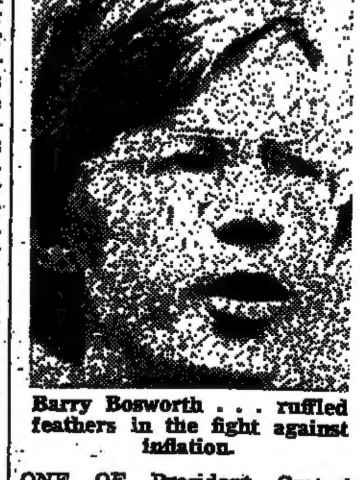
Mr. Stevens' comments follow meetings last week with Mr. Andrew Stewart, president of the 180,000-member Public Service Alliance of Canada.

The Minister acknowledged union concern about how the cuts would affect English and French speaking, and male and female, employees. The Government would keep these problems in mind, he added.

Mr. Stewart criticised the Government's proposals. The two agreed to meet again in a fortnight.

Bosworth resigns from wage council

By Our New York Staff



Barry Bosworth . . . ruffled feathers in the fight against inflation.

ONE OF President Carter's leading and most controversial economic advisers, Mr. Barry Bosworth, is expected to leave his job as director of the Council on Wage and Price Stability some time in August.

This would be the second anniversary of his term, which he said he had planned would not last longer than two years. A talented academic economist, Mr. Bosworth, 36, has ruffled many feathers in his attempts to alert the country to the rising dangers of inflation, and as one of the leading administrators of the President's wage and price guidelines when they were launched at the end of last October.

Before he departs—probably to return to academic work—Mr. Bosworth will be deeply involved in redesigning the policy for its second year which will start on October 1.

Charter stock sale

American Financial Corporation has terminated discussions with an undisclosed party concerning the sale of its Charter Company warrants and preferred stocks, AP-DJ reports from Cincinnati. American Financial owns warrants exercisable into 1,350,000 shares of Charter common and preferred convertible into an additional 1,250,000 common shares.

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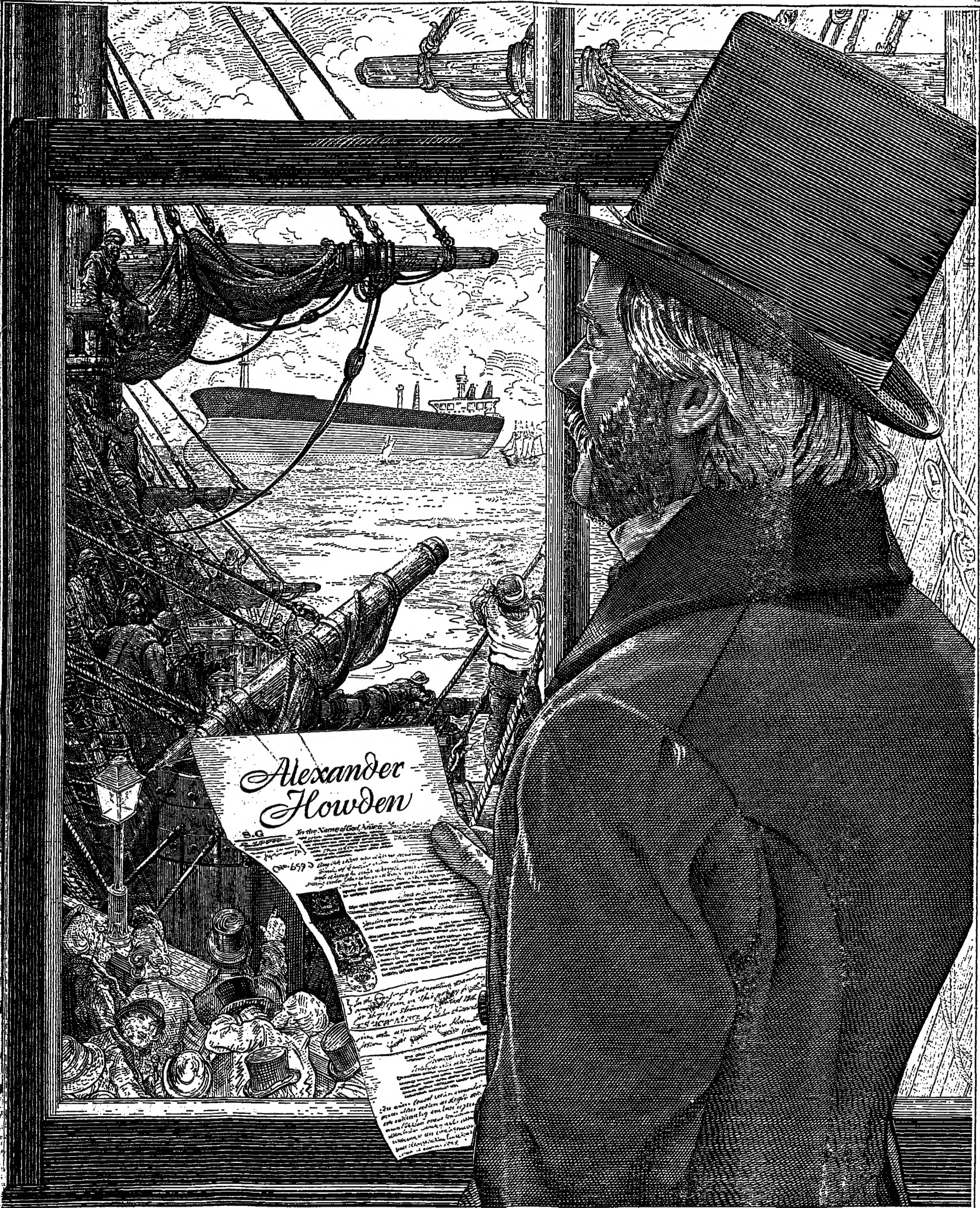

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Syria and Iraq nearer unity

BY PATRICK COCKBURN IN BAGHDAD

SYRIAN AND Iraqi leaders appeared yesterday to have reached general agreement on uniting their two countries after three days of talks in Baghdad. The moves are the culmination of the rapprochement which has developed since the two countries ended a decade of bitter antagonism last October.

President Hafez al-Assad of Syria, and President Hassan al-Bakr of Iraq, along with the strongman of the Iraqi Government, Mr. Saddam Hussein, have been meeting privately to discuss a formula for uniting the Baath Party.

This aspect is considered to be the crucial test for any real unity. Baghdad and Damascus are ruled by the two wings of the Baath Party, which, following their division in 1966, have made ferocious attacks on each other until recently. The Syrian and Iraqi leaders are aware that the failure of previous attempts to unite ensure that the current moves will be greeted with some cynicism in the Middle East.


President Assad of Syria (left) and President Bakr of Iraq.

But previous divisions have been largely overcome following the Camp David accords between Egypt and Israel. Syria badly needs a powerful ally to replace Egypt, while the Iraqis have moved away from the isolated intransigence of previous years towards better relations with the more conservative Arab states, notably Saudi Arabia.

The was exemplified by the Baghdad summit which created a common front against Egypt. The Iraqis are also increasingly worried by developments in Iran. The local press in Baghdad give increasingly unsympathetic treatment to Ayatollah Khomeini.

Whatever the cosmetic adornments in which a unity agreement is wrapped, the alliance of Syria and Iraq does create a common front on Israel's northen frontiers stretching from the Mediterranean to the Gulf.

Together the states have a population of 20m and field armed forces with a strength of some 400,000. There is a possibility that Iraqi army divisions will be stationed in Syria—a development which will be closely watched by diplomats.

Peaceful start to Ghana election

By Mark Webster in Accra

GHANA'S first general election in a decade promised to be a peaceful affair yesterday with soldiers confined to barracks and politicians resting after six months of campaigning.

Electoral officials were predicting a high turnout for the elections which many had feared would not take place after the coup which toppled the military regime of General Fred Akuffo two weeks ago.

But Flight-Leiutenant Gerry Rawlings, chairman of the Armed Forces Revolutionary Council which took power, has promised that the military will not interfere with the elections. In a broadcast he also said the hand-over of power to a new civilian Government would take place not later than October 1, three months later than originally planned.

The delay is to give the army time to complete their "house-cleaning" operation aimed at rooting out corruption which is rampant among the military and the civilians. As part of this operation, Lt.-Gen. Ignatius Acheompong, the former Head of State, was executed on Saturday.

Soldiers were far less evident than usual yesterday as voters queued to cast their votes. Queues began to form even before the polling stations opened at 6 am.

At polling stations in and around Accra the system appeared to be working smoothly despite its complexity. Voters had to vote for the parliamentary and presidential candidates in two separate polling booths on ballot papers clearly marked with coloured symbols for each of the parties.

As well as being crossed off the electoral register they had their forefingers marked with indelible ink to prevent anyone voting twice. Strict security will be in operation when the votes are counted according to the electoral authorities.

A policeman is on duty at each of the country's 20,000 polling stations and the police will supervise the counting of votes. Results will be slow to come from some of the regions because of the distances involved and poor communications. First indications of who has won are expected on Tuesday night at the earliest.

Voters have a choice between six main parties which have fielded nearly all of the 900 candidates competing for 140 Parliamentary seats. Each of the main parties has also put up a candidate for President with four people standing as independents.

Voting patterns are most likely to be dictated by the personalities involved in the presidential poll and by the reputation of the parties in the parliamentary elections rather than by any identifiable campaign issues.

Of the six main parties, three are serious contenders for the presidency: The Popular Front Party led by Mr. Victor Owusu, the People's National Party of Mr. Hillar Limann and the United National Convention of Mr. "Willie" Offori-Atta.

Israeli pressure annoys EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

A DIPLOMATIC row is imminent over attempts by the Israeli Government to press the European Commission into siting its planned official delegation to Israel in Jerusalem instead of in Tel Aviv.

The Israeli Government has angered officials in Brussels by indicating that unless the mission is set up in Jerusalem, the EEC's future emissary and his staff may be denied normal diplomatic privileges.

The Israeli foreign ministry sent a note to the Commission late last week formally authorising establishment of the delegation. But it pointedly failed to answer a routine request by the Commission that its representative be accorded diplomatic status.

The Israeli demands are considered wholly unacceptable in Brussels, and the EEC is expected to refuse to establish the office if they are maintained. It is pointed out that even if the Commission were to acquiesce, the move would be strongly opposed by many member Government.

A move to recognise Israeli claims over Jerusalem could seriously damage EEC relations with Arab countries.

The Commission already has delegations in Rabat, Algiers and Tunis and hopes to set up missions in Cairo and Damascus soon. The decision to establish a delegation in Israel was taken about nine months ago and a chief representative, of Dutch nationality, has already been designated.

David Lennon in Jerusalem adds: At present only 11 of the 38 embassies and legations in Israel are located in Jerusalem and all but one of these represents south and central American member Governments.

The announcement that the newly-elected Canadian Government plans to move its embassy from Tel Aviv to Jerusalem has apparently emboldened some people within the Israeli Government to advocate greater insistence on having missions in Jerusalem.

Mr. Elyashiv Ben-Horin, deputy Director-General of the Foreign Ministry, with special responsibilities for the EEC, declined to confirm or deny that conditions such as the denying of full diplomatic privileges may have been put to the EEC. But he expected that the EEC delegation would be established in the course of this year.

Meanwhile, Mr. Moshe Dayan, Foreign Minister, said yesterday that he would make no announcement about a newspaper report that South Africa was planning to move its embassy from Tel Aviv to Jerusalem.

Lebanese army moves into Christian Beirut

LEBANESE regular troops yesterday took up positions in two suburbs of Beirut which have been closed to the authorities for four years.

More than 1,000 troops of the restructured Lebanese army were deployed in Ain el-Rummaneh and Furn el-Chebbak, two Christian quarters in the south-east of the capital, replacing Right-wing militias. The operation was carried out smoothly in co-operation with Syrian troops serving as the peace-keeping Arab deterrent force.

Right-wing leaders recently asked President Elias Sarkis to send the troops in after their militias fought each other for four days with mortars, rockets and heavy machine-guns. The battles, involving the militia of the Phalange party and that of the National Liberal Party of former President Camille Chamoun, left 12 dead and twice that many people wounded.

The two suburbs have been the scene of repeated unrest since the civil war in 1975 and were considered as a state within a state, with the Christian militias' ruling supreme.

Deployment of the army will ensure the reopening of the south-eastern section of the main Beirut-Damascus highway and make traffic between the predominantly Christian part of the capital and Moslem quarters easier.

Dr. Selim al Hoss, Prime Minister of the caretaker Government, said the army deployment would strengthen and consolidate the authority of the state. He submitted the resignation of his Cabinet about a month ago to make way for a new Government of national reconciliation.

Sadat moves on new Cabinet

By Roger Matthews in Cairo

THE EGYPTIAN government resigned yesterday to clear the way for the formation of a new Cabinet that is expected to reflect the overwelming victory of President Anwar Sadat's National Democratic Party in the general election and new conditions created by the signing of the peace treaty with Israel.

Mr. Sadat and Dr. Mustapha Khalil, the Prime Minister, yesterday discussed the composition of the new cabinet, due to be announced later this week.

After the talks it was confirmed that Mr. Khalil would retain responsibility for Foreign Affairs in addition to being prime minister. There had been speculation that Mr. Khalil would drop the Foreign Ministry to concentrate more on the country's pressing economic problems.

Egypt's difficulties have been exacerbated by the partial Arab economic and political boycott that followed the signing of the peace treaty with Israel.

N.Z. considers further oil conservation moves

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S stocks of diesel oil in port storage tanks is down to 13 days' supply. According to Mr. William Birch, Minister of Energy, the situation is serious.

Mr. Robert Muldoon, the Prime Minister, expressed the belief that the diesel prices could reach NZ$25 (£12.75) a barrel by the end of the year.

Mr. Muldoon called on industrial countries to combine to conserve world supplies. "If larger users show restraint and get consumption back into line with production, this would help supplies," he said.

New Zealand's supply problem has been worsened because some shipments which would normally have come here have been diverted to the U.S., which was prepared to pay a higher price. New Zealand has consistently refused to pay above the official world price for oil and the Government believes all countries would benefit if major users tried to work together

Supplies have also been affected by a maritime strike tying up coastal tankers. Commercial users of diesel and fuel oil have already had supplies cut by 20 per cent of last year's consumption.

Some incentives may be offered in the Budget due on Thursday for companies switching from oil to liquid petroleum gas. Despite the closing of petrol stations from Friday until Monday petrol consumption by private motorists has dropped only 2 per cent during the past few weeks and Mr. Birch said the Government has been forced to consider petrol rationing. It wanted to avoid direct rationing through introduction of carless days and weekend sales bans but this appears to be not enough.

Malaysians 'will not shoot'

KUALA LUMPUR Malaysia will take firm measures to prevent a further influx of Vietnamese refugees but these measures do not include shooting them, Datuk Hussein Onn, the Prime Minister, said yesterday.

He was replying to Dr. Kurt Waldheim, the United Nations Secretary-General, who, in a message, had expressed alarm that the Malaysian Government was adopting a tougher refugee policy and intended to shoot on sight any "boat people" entering Malaysian waters.

"I wish to state that our measures to prevent further inflow of the boat people do not include shooting them," Datuk Hussein said.

But he added that any boat carrying Vietnamese refugees that tried to enter Malaysian waters or attempted to land would be towed away after it had been given help to proceed on its journey elsewhere.

Reuter

Khomeini defies critics of his constitution

BY ANDREW WHITLEY IN TEHRAN

AYATOLLAH KHOMEINI, Iran's unofficial Head of State, is defying his domestic critics among liberals and ethnic minorities and will press ahead with a draft constitution for the Islamic Republic drawn up by his aides.

The Government yesterday released for public debate the long-delayed draft. It was unchanged from the version published unofficially last Thursday, which attracted considerable criticism from minority leaders and Tehran intellectuals.

Announcing the constitution at a Press conference, Dr. Yadollah Sahabi, Minister of State for Revolutionary Affairs, confirmed that there was no question of granting regional autonomy to the minority races, who together make up more than half the Iranian population.

He said they would be given more freedom than before, but not autonomy. Under a new structure of provincial administration, elected councils responsible mainly for welfare affairs are to be set up at every level from village to province, without any distinction between Persian and non-Persian regions.

In the last three months violent unrest has broken out in three minority areas, the Kurdish, Arab and Turkoman districts, in support of demands for self-rule and a geographically defined autonomous region.

The Kurdish leader, Sheikh Ezzedin Husseini, said yesterday he opposed the absence of any mention of autonomy in the draft constitution. The Kurds would try to solve the problem through political means initially, he said.

In a speech published yesterday, Ayatollah Khomeini bitterly attacked "Westernised intellectuals who want to take away our Islam." "Ge rid of them," he told a group of army officers who went to see him in Qom on Sunday, singling out the Iranian Jurists Association for particular attention.

He indicated that there would be no concessions to the views of moderate clergymen like Ayatollah Shariat-Madari, who has said he will boycott a referendum on the constitution if a fully-fledged constituent assembly is not set up. Khomeini said such people were "Communists."

Another issue over which renewed trouble is likely is the status, but in practice the tution notes without eleboration that women will have equal status, but in pracice the Government is already moving many professional women out of senior administration posts.

Dr. Sahabi said yesterday women would not be allowed to serve as judges, though they could hold other legal posts. All 30 of the serving women judges are reported to have been told they can no longer hear cases. A further 10 newly qualified women judges were recently debarred from taking up their posts.

In theory the draft constitution permits women to take up any Government post, including that of President, and to stand for Parliament.

Over the next month the public's suggestions on the constitution are to be collated for the attenion of a council of experts, which will then complete the draft before putting it to a national referendum. Suggestions can be made directly by letter to the Government, through the Press, and at special centres

Canada bid to buy Iran F-14s collapses

By Victor Mackie in Ottawa

CANAD'S Defence Minister Allan McKinnon, said yesterday that negotiations he initiated to purchase second-hand F-14 fighter aircraft from Iran have collapsed.

Mr. McKinnon said the Iranians at first indicated they were interested in selling the top-rated American fighter aircraft to Canada but that after Prime Minister Joe Clark declared his Government's intention to transfer the Canadian Embassy from Tel Aviv to Jerusalem, the deal fell flat.

"We just aren't getting any answers from the other end any more," said Mr. McKinnon. "They obviously now don't want to do a deal with us."

The Minister said he now believes he will wind up with the same two final aircraft the previous Liberal Government selected for the C$2.3bn fighter aircraft competition.

He said he expects to complete his review of the fighter programme before the end of June.

The previous Cabinet under Pierre Trudeau, chose the McDonnell Douglas F18A and the General Dynamics F-16 for final negotiations. A decision on the winning aircraft was expected in October but will be delayed two or three weeks by the new Government's review.

Mr. McKinnon said after assuming office as Defence Minister that he was going to try to purchase 78 second-hand F-14s from Iran which he had been informed were available for C$10m to C$12m each.

The new Government's plan to shift the Canadian Embassy in Israel to Jerusalem aroused angry Arab reaction last week including threats of retaliation.

Canadian businessmen have warned the new Cabinet that they are in danger of losing billions of dollars in trade. However, Trade Minister Robert de Cotret said yesterday he does not believe Canada will lose much trade with the Arab nations.

France to support new A-300 versions

By Terry Dodsworth in Paris

THE FRENCH Government has promised financial support for the development of the Airbus range of aircraft manufactured by Airbus Industrie, the consortium mainly owned by the Aerospace industries of France, West Germany and the UK.

The most likely contender for development will be a four-engined, 200-seater airliner with a range of about 6,000 miles.

Although a smaller aircraft has also featured in Airbus Industrie's plans, it now seems that the four-engined model is being given priority. M. Bernard Lathiere, chairman of the group, said at the Paris Air Show that development work was now going ahead on this project.

The Government's support for the company has been pledged following increasing evidence during the last few months of the success of the first two Airbus models, the A-300 and A-310. Airbus Industrie has now started to repay loans from member shareholders, although it is expected to be several years before the aircraft breaks through into profit.

In his visit to the show M. Raymond Barre, the French Prime Minister, made it clear that Airbus Industrie would get new funds for an appropriate project but he said that the company must concentrate on serving clearly identified needs while developing new technology and reducing costs of production and operation.

● AIRCRAFT FURNISHING, manufacturers of aircraft passenger seats, have announced the signing of new contracts worth in excess of £4m. The most significant contracts are to supply seats for the A-300 Airbus for Malaysian Airline System and Philippine Airlines. These are the first contracts for Airbus seatin gto be awarded to a British aircraft seating company.

U.S. fast food equipment drive

Financial Times Reporter

FIFTY U.S. manufacturers of take-away food and catering equipment are mounting an exhibition of their products in the UK in an attempt to increase U.S. penetration of the growing UK market for fast food equipment.

The exhibition, opened yesterday by Mr. Kingman Brewster the U.S. Ambassador, and Sir Charles Forte, executive chairman of Trust House Forte, has been organised by the U.S. Government's export promotion agency in Britain.

The U.K. market for this type of equipment, estimated to be worth over £121m a year in 1977, is expected to be worth £283m in 1983.

The exhibition, called USACATER 79, features the latest fryers, grills, ovens, broilers, freezers, coffee machines, ice-cream machines, take-away food packaging, dishwashers, cash registers and preparation, handling and display equipment from the U.S. market. It is on at the West Centre Hotel until Friday.

CLOTHING INDUSTRY

UK scales down opposition to outward processing

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S CLOTHING industry is dropping its outright opposition to outward processing—the export of fabric for re-import as garments—but is asking the Government to press the EEC for tight restrictions covering the practice.

Britain has been the odd man out in Europe, refusing to take its share of outward processing quotas established last year by the EEC with its Mediterranean associates. It has insisted instead that goods imported in this way must be treated as part of overall quotas and not as a separate and additional category.

The last Labour Government took this stand under strong pressure from the clothing industry which argued that outward processing could lead to the transfer of the industry to the Mediterranean basin. The industry was also concerned that the EEC was pressing ahead with the creation of quotas before any regulations covering the practice had been drawn up.

The softer line now being advocated by the British Clothing Industry Council for Europe (CICE) is in part a bewing to the inevitable given the extent to which some EEC members, notably West Germany and the Netherlands, are already using outward processing.

The industry is now concerned that unless it agrees to participate UK manufacturers will be put at a competitive disadvantage against their Continental rivals who can average price their goods by mixing in lower cost outward processed goods with their own higher cost products. It is also concerned at the way the practice is now being adopted in the absence of EEC guidelines.

At the same time the EEC Commission has been pressing the UK to decide whether or not it wants to take up a share in quotas available for 1979, it will redistribute them to other countries if Britain declines to do so.

Some of the leading outward processors, including Portugal, are also refusing to go along with the British insistence that outward processed goods should be included within overall quotas. They have indicated that they will fill the entire quota with non-outward processed goods, thus denying UK manufacturers access to their cheap making-up facilities.

The UK clothing industry's new line—drawn up in the face of all these pressures—is due to be discussed at a meeting with Government officials later this week. The industry is hoping that by agreeing to participate Britain can influence the share of regulations now being prepared in Brussels and that these will incorporate a number fo safeguards.

The suggestions of the Clothing Industry Council for Europe, are that the practice should be open only to bonafide manufacturers and should exclude importers, merchants, and retailers, (with certain exceptions). It is also suggesting that manufacturers should not be allowed to outward process more than the equivalent of 30 per cent of their previous year's production. Safeguards against market disruption caused by free circulation of such goods within the EEC are also urged.

The organisation is also calling for the clothing industry to be consulted on the countries for which outward processing facilities are to be introduced. Initially it believes the list should include Cyprus, Malta, Portugal and Spain with other countries being added as necessary.

Fiat-Poland car accord ratified

BY RUPERT CORNWELL IN ROME

FIAT, ITALY'S largest private industrial concern, and Poland yesterday ratified a far-reaching agreement under which the Polish mootor industry will produce two new vehicles, in co-operation with the Turin-based manufacturer.

The deal, signed in Poznan by Sig. Vitorrio Ghidella, managing director of Fiat's automobile division, and Mr. Edward Pietrzak, his opposite number at Pol-Mot, the Polish industry's foreign trade body, provides for the assembly of a new small cylinder car in Poland from 1981.

The new vehicle will fit between the bottom of the range 126 model, and the medium-powered Fiat-derived 125P already produced in Poland. Production, planned at between 30,000 and 50,000 units per year will go for the domestic Polish market.

Meanwhile the heavy vehicle plant at Poznan will produce a new multi-purpose vehicle with versions for both agriculture and commercial use, jointly designed with Fiat. It will be fitted either with Polish-produced petrol engine or diesel engine manufactured in Italy.

The arrangements, the value of which is put at $700m a year, are the cornerstone of a ten-year co-operation programme between Fiat and Poland, which forms part of the Turin group's aim of rationalising and integrating its international activities to withstand increasingly fierce foreign competition.

At the same time the Polish industry will supply unspecified numbers of the 126 model which it already produces, according to market requirements, as well as the new commercial vehicle to Fiat dealers in Europe and certain other countries.

The agreement also allows Fiat to supply the Polish market with finished models not built in Poland. Production of a new family of 1600, 1800 and 2000 cc engines (to be mounted on Polish-built cars) will be put in hand between 1980 and 1982, as laid down in previous agreements between the two partners.

NUCLEAR PLANT

Marcos delay tests U.S. ruling

BY DANIEL NELSON IN MANILA

THE WESTINGHOUSE nuclear plant in the Philippines may become a test case for President Carter's ruling that federal agencies must analyse the environmental consequences of new projects in foreign countries.

Critics of the $1.2bn (£585m) project are elated by President Ferdinand Marcos' weekend decision to stop work on the reactor until a two-man commission into the safety aspects has given it the all-clear.

In fact, the construction programme was jeopardised in March because of U.S. State Department hesitation in approving the project and delay by the U.S. Nuclear Regulatory Commission (NRC) in approving shipment of essential components.

In late 1977 the State Department ruled that the reactor export was not against U.S. interests. But last July it shifted its position and said it was reserving a decision until it had considered an analysis of the reactor site and design to be carried out by the International Atomic Energy Agency.

The Philippine Government apparently has seen the IAEA report but the contents have not been disclosed.

The NRC is considering two subsequent Westinghouse export licence applications in connection with the project. One is for the export of reactor components, and the other is for fuel, including enriched uranium for the initial core.

Opponents of the scheme—which involves Export Import Bank loans to the Philippine Government of $644m—are continuing to cite the alleged danger of placing the reactor in an earthquake zone and the problems of disposal of nuclear waste. But their lawyers in the U.S. are pursuing a new tack, that of forcing delay through use of the legal ambiguities surrounding President Carter's order.

Westinghouse argues that Washington has no right to withhold export approval on the basis of environmental considerations in another country. The outcome of the argument will have ramifications for the entire industry, as well as for other major projects involving U.S. companies overseas.

Cancellation or delay in the project could also cause a contractual tangle, with Westinghouse claiming that it is not responsible for delays in the shipment of components caused by U.S. agency decisions.

● Westinghouse yesterday welcomed the Philippine inquiry and expressed confidence that the probe would prove the plant could be operated without undue risk to the health and safety of people living near it.

Sweden, Norway form tanker shipping pool

BY WILLIAM DULLFORCE IN STOCKHOLM

TWO SWEDISH and two Norwegian companies are forming a shipping pool to operate 11 350,000-ton tankers. All the vessels were built at the Kockums shipyard in Malmo, Sweden, between 1975 and 1978, and it was the shipyard's failure to obtain full payment for the vessels that contributed to its being taken over by the State last year.

Five of the tankers are owned by the Salen shipping company, one by Kockum, three by Lars Kroegh and two by the Norwegian ship-owner, Halfdan Ditlev-Simonsen. The pool will be known as the Scandinavian Tanker Pool (STP) and will be managed by Salen from Stockholm with chartering operations handled from both Stockholm and Oslo.

The agreement to form the pool was signed last week and will come into force as soon as it has been formally approved by the Swedish Ships' Credit Guarantee Board. With 11 sister ships adding up to close to 4m tons the STP is expected to be a powerful force on the tanker market.

At present nine of the vessels are operating, one on a 12-month charter and eight on the open market. The other two are laid up.

● Sasebo Heavy Industries has received orders for two 95,000-dead weight ton tankers from Comet Tanker and New Caravel, both Liberian-registered owners, reports Reuter from Tokyo. Sasebo did not disclose contract prices, but said the tanker for Comet will be delivered in November, 1980, and the one for New Caravel in July, 1981.

● A total of 9,436 ocean-going vessels arrived in Hong Kong last year, handling 25.7m tons of Cargo, reports AP-DJ from Hong Kong. Containerised cargo represented 43.6 per cent of the cargo, compared with 48.9 per cent for the previous year. The number of vessels calling in rose 6 per cent from 1977.

Swiss winter tourism falls to 10-year low

By John Wicks in Zurich

THE PAST WINTER season was the worst in 10 years for Swiss tourism.

Final figures published by the Government in Berne for the period from November 1978, to last April show a 10 per cent decline in the bednight total in comparison with the 1977-78 winter season to some 12.1m. While domestically generated tourism showed a slight increase of about 0.2 per cent over the period, bednight occupancy by foreign visitors slumped by 18 per cent, in spite of a sharp rise in the number of Japanese tourists.

This development was attributed both to the high exchange rate value of the Swiss Franc and to the unsatisfactory weather and snow conditions during the past winter. While the decline in bednights was relatively small for city hotels there was a marked drop in such winter-sports areas as the Grisons, the Valais and the Bernese Oberland. Substantial declines were recorded in bookings by Germans—today Switzerland's most important tourist nationality—but also by North Americans, French tourists, Belgians and the Dutch.

● Swiss consultants, Holderbank, have won a $1.5m contract for the sixth-kiln expansion project at the Jordan Cement Factories Company's plant at Fuheis, north-west of Amman.

Holderbank will carry out feasibility studies, and then provide designs and tender documents for the 2,000 tons per day sixth kiln, as well as supervising construction and commissioning

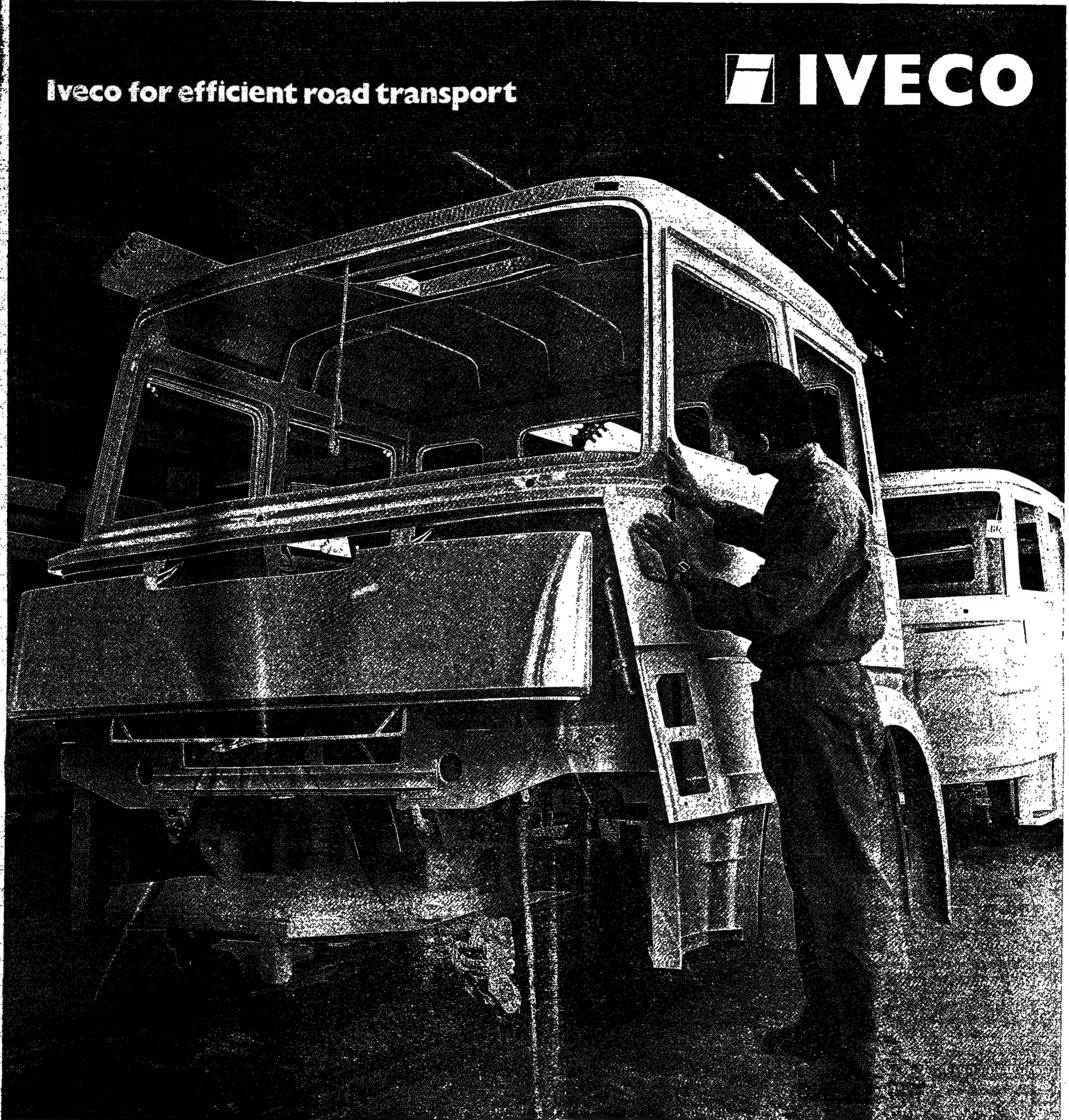
Growth in EEC office machines

BY MAX WILKINSON

THE EUROPEAN office equipment market is expected to reach nearly $6bn by 1983 according to a study recently completed by Mackintosh Consultants.

The study examines the market in three sectors for all the major European countries, and predicts the market for word processing and automatic typing systems will grow by 27 per cent a year to reach $880m by 1983. The largest market will be Germany, which already has 55,000 systems installed. France comes next with 28,000 systems and the UK third with 23,000 systems.

The office computer market in Europe is expected to grow at the rate of 47 per cent a year to reach $3.2bn by 1983.



Hands and Fiat

It may seem strange to find that in Europe's most highly automated commercial vehicle factories, the most valued tool is the human hand.

But that's how we reconcile advanced engineering with traditional values.

At the million-odd square metre Fiat factory in Turin, opened in 1957, nearly 2000 of the 9000-strong workforce exclusively use their hands. On painstaking processes. Such as hand finishing paintwork, fitting upholstery and quality-checking chassis and cabs.

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UK NEWS

Government planning State shares offer

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is drawing up plans to expand employee share ownership by offering shares in State-owned industries to workers on preferential terms.

This will follow a major review of the potential for inviting private equity into State-owned businesses, such as parts of the National Enterprise Board, British Airways, the National Freight Corporation and British Sugar, as well as the nationalised aircraft and shipbuilding industries.

The review is conducted by the Treasury, the Department of Industry and other Ministries. It is one of a number of subjects on which Sir Keith Joseph, the Industry Secretary, hopes to make key policy decisions in the next five or six weeks, before the Parliamentary summer recess.

The potential for selling shares to workers will then be assessed individually for each industry and company concerned.

The Government's interest in expanding share ownership, mooted in the Conservative General Election manifesto, was confirmed yesterday by Mr. James Prior, the Employment Secretary, when he said that the Government was more interested in this form of employee participation than in the last Government's plans for "worker-director" legislation.

"I am absolutely convinced that we must make a proportion of the shareholdings available to employees of the company, and this is a good opportunity for us to do so," he told an Industrial Society conference in London.

Mr. Prior confirmed that the Government would not introduce legislation on industrial democracy, although it did want to see more voluntary development of employee participation.

This confirmed that the last Government's interest in industrial democracy legislation and the worker-director proposals of the Bullock Report has been abandoned.

Mr. Prior has also talked in the past in terms of preparing a code of practice on participation, though he did not mention this yesterday.

No decisions have yet been taken on selling of State-owned assets beyond the announcement last week in the Budget that £1bn would be raised in the current financial year, mainly from selling part of BP.

One of the first announcements from the Industry Department is likely to concern the future of the merchant shipbuilding yards of British Shipbuilders, some of which face the threat of closure.

Mr. Adam Butler, a Minister of State for Industry, is shortly to visit shipyards as part of a tour of the regions conducted by all Ministers in the Department.

● Mr. Prior admitted yesterday that there could be another "couple of hundred thousand" people out of work next year.

Speaking to a conference of the Industrial Society in London, he said he had not seen any Treasury forecasts putting unemployment at 2m in the early 1980s.

This was a reference to a newspaper report that such a Treasury projection had been supressed because of its political sensitivity.

Midland Bank to offer mortgages

By Michael Lafferty, Banking Correspondent

MIDLAND BANK is entering the home loans market after similar moves by Lloyds and Williams and Glyn's.

The Midland scheme, like those of the other clearers, is designed for higher income customers. Loans ranging from £20,000 up to £150,000 are offered for periods up to 25 years. Under the scheme, interest will be charged at 2½ per cent over base rate. At current levels this means 16½ per cent—with a minimum rate of 10 per cent.

The maximum loan will normally be 2½ times the individual's salary; and the amount will be based on 80 per cent of a professional valuation of the property, or of the cost if lower.

Midland refused to say yesterday how much money it was allocating to the home loans scheme. This contrasts with the other banks: so far this year Lloyds has allocated £40m, while Williams and Glyn's has made a £10m allocation.

The principal differences between the terms offered by the clearing banks are that the Midland scheme allows a repayment period of 25 years, against 20 years for the other two, while Midland's interest rate is ½ per cent lower.

Soviet ship 'incursions' cause little damage

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

WESTERN SHIPOWNERS, who have mounted a big campaign in recent years against the growth of the Soviet merchant shipping fleet, have so far suffered real damage on only one shipping route.

This is the conclusion of an internal Department of Trade study, which was launched to sort out fact from fiction in the Russian merchant shipping threat.

Although regarded as unofficial, the report's findings undermine to some extent the position adopted on the question by Western Governments and the EEC in recent years.

Last year, Britain despatched its shipping minister to Moscow to protest over Soviet liner shipping incursions and the EEC is presently monitoring certain routes to gauge the significance of the Soviet presence.

Prior to the election, Conservative politicians promised a tougher line on what they regarded as a threat to both the commercial and military security of the West.

The report notes that the Russian fleet has grown sixfold since 1969, but says it is difficult to assess accurately whether this increase has outstripped the growth in Soviet seaborne trade.

However, in terms of liner vessels (general cargo ships operating on fixed routes) the report says the Russians' fleet has a capacity of 5m deadweight tons, which is double the maximum capacity required for the country's own cargoes.

These surplus ships are competing for business with western lines by offering cut-price rates, which western shipowners contend are based on unrealistic costs tolerated by the Soviet authorities in the interests of earning hard currency.

Great alarm

The report says there is some indication that Russian success in winning liner shipping business has started to diminish.

On UK services, Soviet penetration has remained fairly stable and on the North Germany-U.S. route, where Russian ships have caused great alarm to the German authorities, the report says the Soviet share has fallen from just over 12 per cent to 9.8 per cent.

Likewise, there is no suggestion of alarm about the fact that the Russians carry 20 per cent of Europe-Far East trade on the Trans-Siberian Railway.

Here, the report says, the growth in rail traffic has merely matched total trade growth between the two regions, although shipowners have recently been forced to cut some rates to match those charged by the railway.

The only route on which the Soviets can be said to have done real harm to western interests, the report concludes, is in trade between N. Europe and East Africa.

Members of the Europe-East Africa conference are said to have lost $35m to $40m countering rate cutting by Soviet ships on this route during 1977.

Elsewhere says the report, Soviet undercutting has "exacerbated a depressed market situation." But even on the North Atlantic route it has not done serious damage to western interests.

Future expansion of the Russian fleet will, the report says, result in reduced dependence on western vessels for bulk cargoes.

On the crucial container and general cargo liner trades, the report concludes that the Russian fleet may actually decline in the years to 1981 and its impact "remain limited."

Lloyd's broker may face suit

BY JOHN MOORE

SEVERAL LLOYD'S underwriting syndicates, led by H. G. Chester's marine sydicate Number 65, plan to sue C. E. Heath, a major insurance broker in the market.

If the action proceeds it will be the first time that Lloyd's underwriters have sued Lloyd's brokers.

Because the action is unprecedented the underwriters have sought permission from the 16 strong ruling committee of Lloyd's to proceed.

Court moves are expected later this week, when the underwriters make an application to amend a writ which they issued more than a year ago against Oceanus Mutual Underwriting Association, Bermuda-based insurance concern.

It is the intention of the underwriters to name C. E. Heath as co-defendant in their action against Oceanus.

The dispute arises from a reinsurance package which C. E. Heath arranged with Oceanus for the syndicates after the syndicates had insured containers for CTI, a New York container group.

The claims, which have been mounting against Oceanus since mid-1977, have been resisted on the grounds of non-disclosure, a conclusion which Oceanus came to after investigation.

Earlier estimates of possible claims which could arise against Oceanus under the terms of reinsurance, but which are being resisted, were pitched at about $15m, but precise figures have not been calculated.

Turnover in unlisted company shares grows under rule

BY CHRISTINE MOIR

TURNOVER is growing in the shares of unlisted companies where dealings are done under a Stock Exchange "grace and favour" rule.

Last week, total turnover in this market, covered by Rule 163 (2), was £3.31m. By comparison, total turnover for last June was £2.5m.

About that time, the Stock Exchange decided modestly to promote the market—whereby companies can trade their shares on the market with the council's specific permission but without complying with the regulations for quoted companies—through a small pamphlet.

The following month, turnover nearly doubled to £4.7m. Although the 163 (2) market is exceptionally volatile, over the past three months average volume has been about £1¼m per week—about two and a half times what it was last June.

Next week, volume could be boosted again by yet another new share placing under the rule.

This is the background against which a recently appointed Stock Exchange sub-committee is investigating the Rule 163(2) market.

Mr. Charles Eglington, chairman of the sub-committee and one of the two council members responsible for the Exchange's quotations department, said the investigation is in its early stage. A full report, originally planned for the summer, could now take longer.

The committee's brief is to establish an orderly framework in which trading in unlisted companies can be encouraged, and to prevent false or dishonest dealings.

The Rule 163(2) avenue appeals because it costs significantly less than coming to market by way of quotation. It offers directors a chance of getting a market value for their company without losing control of 25 per cent of the equity and provides a marketplace for companies which are too small for full scale dealing.

The Stock Exchange is worried, however, that the route also bypasses the listing agreement regulations, particularly on disclosure, and opens a market for companies with no visible track record.

Singer and Friedlander, a merchant bank which has specialised in such partial flotations, believes one answer could be stronger regulations for issuing houses and brokers who sponsor such issues.

Stocken joins Barclays

BY MICHAEL LAFFERTY

MR. OLIVER STOCKEN, a former head of corporate finance with the merchant bank, N. M. Rothschild and Sons, is to join Barclays Merchant Bank as a director with specific responsibility for the corporate advice division.

For the past two years Mr. Stocken has been an executive director of Esperanza Trade and Transport, the international services group in which Rothschild Investment Trust and Guinness Peat have important stakes. He is a chartered accountant, having qualified with Arthur Andersen.

The present head of corporate advice at Barclays is Mr Patrick Moorsom, who now takes over responsibility for international co-ordination of merchant banking services.

Inflation accounting 'urgent'

By Michael Lafferty

THE NEW inflation accounting system should be implemented quickly, Mr. Donald Grant, president of the Scottish Institute of Chartered Accountants, said yesterday.

He said that the Chancellor in his Budget speech last week had issued "an invitation—if not a challenge or a veiled threat" to the accountancy profession to co-operate with the Inland Revenue in finding a basis for making inflation-adjusted accounts suitable for taxation.

"We have dragged our feet very badly on this issue by seeking a degree of sophistication which might please the experts but no one else, while the Inland Revenue has been waiting for us to produce something definite and practical."

British Aluminium to more than double aerospace alloys output

BY ROY HODSON AND LYNTON McLAIN

BRITISH ALUMINIUM is more than doubling its production of aerospace alloys in the coming year to seek a dominant position in the booming European aerospace market, together with major growth in world sales.

Traditionally the North American aluminium companies have provided a large proportion of the metal needed by European aerospace companies. But the sudden surge in demand by the international aerospace industry is causing shortages of the metal.

U.S. aluminium producers are having difficulty in supplying all the metal that European aerospace now needs.

Following a £3m expansion of its plants at Falkirk in Scotland, British Aluminium has decided to raise production of aircraft sheet materials (high value products priced at more than £2,000 a tonne) from 3,000 tonnes a year to nearly 7,000 tonnes a year.

Further investment in plants and marketing backup will be made in the aerospace materials sector to catch the present floodtide of demand.

"We want this business to stay with us," said Mr. Keith Rugg, the group's marketing director who has assumed special responsibility for aerospace business.

British Aluminium became a wholly British company again last September when Reynolds Metal of the U.S. sold its 49 per cent holding for £45m to Tube Investments and British financial institutions.

Since then British Aluminium has been working on a new strategy for growth. The decision to expand heavily in aircraft materials is the first fruit of that review.

It is likely that the company will now consider further capital investments in new extrusion facilities at a British works for increasing output of aerospace tubes, extrusions and bars. Such a plant would probably be sited at Warrington, Redditch or Distington in Cumberland.

British Aluminium is clearly aiming to become a dominant supplier of aerospace alloy sheet. Alcan's activities in the British market are complementary, as that company makes the heavier aerospace plate.

In Europe, Pechiney is the biggest competitor, with production lines for both sheet and plate and expansion plans in hand for its plate facilities.

Miners call for use of waste heat

By John Lloyd

MINEWORKERS' leaders and the miners' group of MPs have called for a radical change in the UK's energy policy.

The call for greater use of waste power station heat came from Mr. Joe Gormley, president of the National Union of Mineworkers, and Mr. Lawrence Daly, the NUM's general secretary.

Their suggestion coincided with a meeting of the District Heating Association, which concluded that 25 per cent of Britain's heating needs could be met by waste power station heat. About two-thirds of the energy now entering power stations is wasted at present.

The meeting asked the Government to support combined heat and power schemes. It said the introduction of such schemes "would require a re-alignment of national energy plans."

It is estimated that heat and power schemes offer savings four times greater than those projected for solar heating.

The Central Electricity Generating Board, which has examined the idea, has pointed out the high cost of providing the necessary infrastructure for viable schemes.

BNOC in £2.5m oil industry computer development deal

FINANCIAL TIMES REPORTER

INTERNATIONAL Computers Limited (ICL) and the British National Oil Corporation (BNOC) have signed a £2.5m agreement to develop large computer systems for the oil industry.

BNOC has bought an ICL 2976 computer and operating systems which, it intends, will be set up to do work which BNOC at present subcontracts to a computer bureau.

The idea is that a team of ICL programmers will gain experience of systems neded in the oil industry so that the company will be able to improve its position in this important market.

One task will be to adapt applications programmes written by consultants and independent software companies, at present designed to run on International Business Machines computers, so that the programmes will be able to run on ICL machines.

An ICL official said: "It is expected that the export potential for the hardware and associated systems will be considerable." ICL and BNOC expected to build upon their existing contracts to exploit this potential to the full, he added.

The project is expected to take about two years, during which the expenditure on software and hardware could rise to between £4m and £5m.

● PLESSEY Avionics and Communications is planning a £2.5m expansion of its plant at West Leigh, Hampshire, with a new factory which will employ 150 people.

The plant makes radio relay, high frequency radio receivers, tactical and military radios, and helicopter altimeters. It employs 1,000 people.

Manchester to build £14m world ice skating centre

BY OUR NORTHERN CORRESPONDENT

A NATIONAL ice-skating centre and indoor stadium costing £13.8m is to be built by Manchester City Council on a site close to the now disused Central Station.

The project, which will be backed by a £3.5m Sports Council grant, is intended to meet the need in Britain for an international class centre comparable with those in many Continental cities. Work will start in 1981 and is expected to take two years to complete.

The Manchester authorities feel that the scheme will also help to bring in more visitors to city centre shops, hotels and restaurants. The Central Station, close to the proposed new ice arena, is due for redevelopment as an exhibition centre.

Under the scheme now agreed, Manchester will make the necessary land acquisitions for about £500,0000. The centre will provide two rinks of Olympic standard, one of which will be used for international skating championships and ice hockey matches.

The other rink will be devoted to training young skaters and British ice hockey players.

The National Skating Association, the governing body for amateur skating events, has agreed to arrange for major events, including national championship competitions and ice galas, to be held in the centre regularly.

Kirkby 'blockade' action

BY JOHN ELLIOTT

TWO SHOP stewards who were directors of the former Kirkby Manufacturing and Engineering workers' co-operative on Merseyside have been served with a writ aimed at removing an alleged blockade of the co-operative's machinery sold to the Myson group two weeks ago.

They are Mr. Jack Spriggs and Mr. Dick Jenkins. They appear in the High Court in London this morning as a result of legal action initiated by Henry Butcher, auctioneers, aimed at recovering four spot-welding machines used to produce central heating radiators before the co-operative went into liquidation two months ago.

The machines were sold for £25,000 at a public auction to Myson, which produces central heating equipment. Shortly after the sale the auction was suspended after an unnamed U.S. company had expressed interest in acquiring equipment at the plant.

Myson wanted to remove the machines, but then agreed to negotiate with the American company to re-sell them. Negotiations started at £75,000, which in its view was the correct value of the machinery.

Laetr Myson said it was consulting its solicitors to see what steps could be taken to collect its purchases.

A DETAIL from Le Pêcheur à la Ligne by Renoir which is the highlight of Sotheby's sale of Impressionist paintings on July 4. It was originally bought for FFr 180 in 1875 at the famous auction at the Hôtel Drouot organised by the Impressionists to gain recognition and money. Now it could make more than £500,000 for its owners, Mr. and Mrs. Nigel Broackes. On Saturday the wrong photograph, supplied by Sotheby's appeared over this caption.

● Sotheby's yesterday held an auction of some very good gold boxes and brought in £392,760 with just 6.1 per cent unsold, writes Anthony Thorncroft. The top price was £40,000, plus the 10 per cent buyer's premium and VAT which is now an extra 1.5 per cent, for a Pierre-Nicolas Queneulle de Romesnil gold and enamel snuff box of 1763. A gold and enamel snuff box attributed to Frantz, probably Swedish of around 1755, sold for £33,000.

Other good prices were the £28,000 for a Swiss gold and enamel automata snuff box of around 1820; £18,000 for a gold mother of pearl and enamel snuff box of 1747; and £17,000 for a French gold enamel and mother of pearl aide-memoire of 1748.

هكذا من الأصل

IF A CITROËN CX CAN DO THIS ON THREE WHEELS, IMAGINE HOW SAFE IT IS ON FOUR.

CX2400 Pallas
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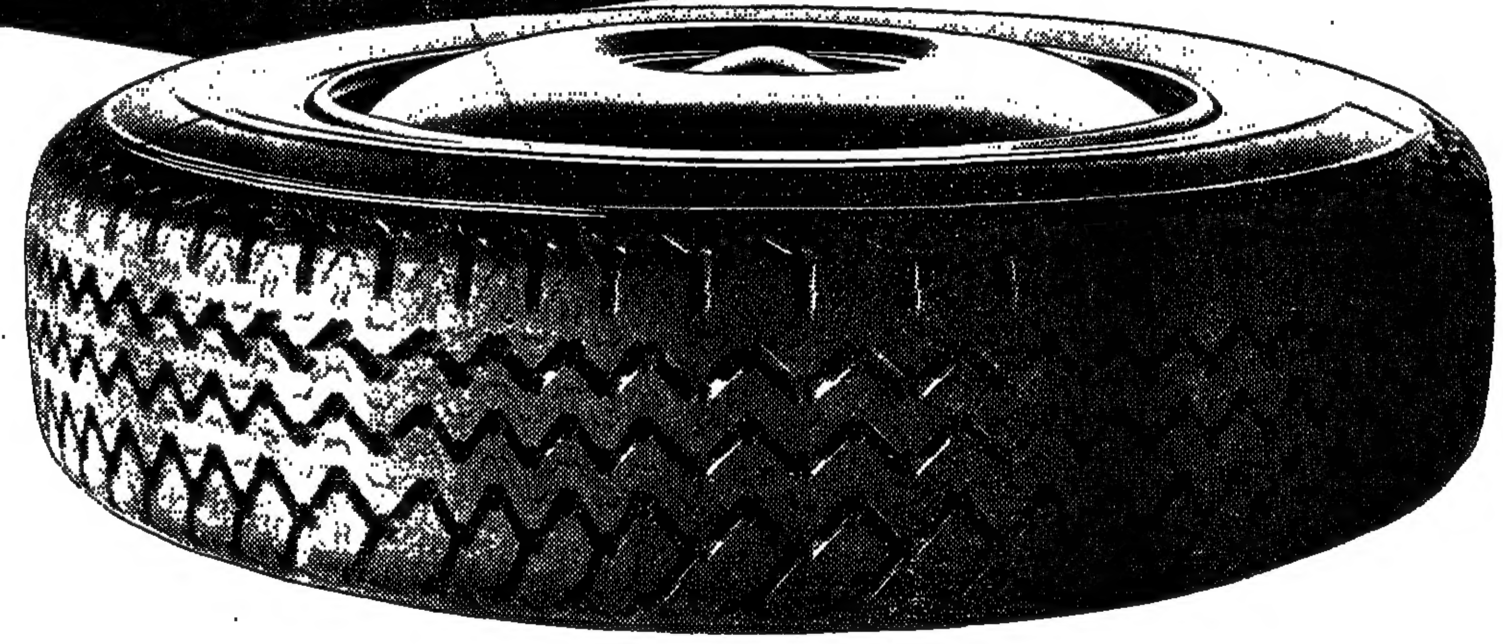

Remove the nearside rear wheel of the Citroën CX with the engine running and the suspension at its highest setting, and the suspension automatically compensates to keep the car level.

More impressive, the car could now be driven on three wheels.

The practical benefit of all this becomes apparent when considered in terms of everyday driving conditions on the road.

If you had a blow out on any wheel at high speed the self-levelling suspension would allow the CX to continue on course as if nothing had happened.

Remarkable though this may be, the outstanding engineering achievement of hydro-pneumatic suspension is the way it combines an uncommonly smooth and comfortable ride with tenacious road-holding.

An additional contribution to road-holding comes from Citroën's VariPower steering. Extremely light at low speeds, VariPower scores over other power steering systems in that it grows progressively firmer with increasing speed on the open road. It also prevents wheels being deflected by loose stones or uneven surfaces.

The combination of front wheel drive with VariPower steering adds yet further to the car's handling characteristics.

The CX offers all this on one of the most luxuriously appointed range of saloon cars on the road today. It is a spacious car with superbly designed, cloth upholstered seats that are more comfortable than many a favourite armchair.

When you add it all up, the CX is truly remarkable.

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How else would you describe a car that can be driven on three wheels?

A selection of the 15 models in the CX range

Model	BHP	Top Speed	Price
CX2000 Super	102	109mph	£5795.62
CX2400 Super (5 speed)	115	112mph	£6479.58
CX2500 Diesel Super (5 speed)	75	97mph	£6732.48
CX2400 Pallas (5 speed)	115	112mph	£7131.15
CX2400 Pallas (C-matic)	115	111mph	£7335.47
CX2400 Pallas Injection (C-matic)	128	112mph	£7798.92
CX2400 GTi Injection (5 speed)	128	118mph	£7776.50
CX2400 Safari Estate	115	108mph	£6656.49
CX2500 Diesel Safari Estate	75	90mph	£7038.95
CX2400 Familiale	112	108mph	£6778.58
CX Prestige Injection (C-matic)	128	112mph	£10,416.41

Prices include car tax, VAT, and inertia reel seat belts, but exclude delivery charges £83.95 (inc. VAT) and number plates. Prices correct at time of going to press. All Citroën cars have a 12 months unlimited mileage guarantee. Check Yellow Pages for nearest dealer and ask about our Preferential Finance scheme. Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes to: Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Tel: Slough 23808.

CITROËN CX

COMPAGNIE FINANCIÈRE DE SUEZ

The Annual General Meeting of Compagnie Financière de Suez was held in Paris on May 29, 1979, and was followed by an Extraordinary General Meeting.

The following is a translation of the statement made by the Chairman, M. Michel Caplain at the Annual General Meeting:—

We are today experiencing an economic situation in which contrasting factors giving grounds *for hope or anxiety are intermingled.*

I think the most important encouraging factor is that we are moving towards a *free economy* which allows us to hope for and even begin to achieve a return to fundamental stability.

It is of course not easy to *abandon planning policies which* have hampered growth for forty years and even in certain cases stifled the French economy. Today, however, the change of direction seems to have been firmly taken, particularly with the return to freedom from price controls which brings business *leaders face to face with their* responsibilities and gives every opportunity for success to those who can become competitive.

It might have been feared that after forty years of controlled prices this new policy would meet with both resistance from the Administration which to retain its power might empty it of any real content, and scepticism from industrialists, disappointed too often by short-lived *promises*, who might rush to fill the vacuum by brutally raising the price index to unacceptable levels. In *fact*, the experiment appears to have been a success and it is now generally admitted that there can be no question of reversing this policy.

It is in any case an essential requirement if our industry is to overcome the difficulties it faces and if our national economy is to recover its basic *stability*. It is true that present day circumstances are not very favourable to a return to stability but there is an area in which it has been more or less achieved against all expectation and that is the field of foreign balances, which has had the effect of stabilising the franc for *several months past.*

In contrast with these grounds for hope or even satisfaction, the economic situation contains *several black spots, of which the* two most important are the employment situation and international problems.

The employment problem is and will unfortunately remain a cause for concern. There are three contributory factors to the present imbalance: firstly, changes in population, whereby people born during the years of high birth-rate after the war are starting work at a time when those born during the years of low birth-rate during the 1914 war are retiring; secondly, the increase in productivity, which *in many fields necessitates cut*-backs in the labour force that must be made if firms wish to remain competitive; and finally, *the continued low rate of growth*, which is not sufficient to compensate the effect of increasing productivity.

This situation is disturbing in both economic and political terms and painful on the social level, and obviously requires generous solutions, especially in the areas most affected. The best way of mitigating this crisis, however, is not to rigidly maintain present patterns of employment at any price, but to encourage flexibility and mobility of the labour force, which is the only way to match supply with demand. *For the paradox of the* present situation is the continued existence of a large number of unfilled vacancies, and everyone *knows that it is only* the difficulties in dismissing employees when necessary which prevent many small and medium-sized firms from taking on staff for whom they have enough work on their order books.

The greatest cause for concern at present is the international situation which is all the more disquieting since there is *practically nothing we can do to change* it and all we can do is to endure it.

Political unrest, monetary disorder, supplies of raw materials and energy sources, these are our chief fears; *but the root of* the matter can be summed up in one sentence: the West is afraid of an oil shortage.

I think the difficulties of this situation should not be underestimated or exaggerated. We are not so far faced with a political phenomenon, even less with a moral phenomenon due to the return to some problematical fair price. The situation arises purely and simply from the application of the laws of a market economy by an international cartel of producing countries, and this enables us to measure both the *gravity and extent of the situation.*

Before the Iranian crisis, there was on the whole overproduction *of oil and the OPEC countries* found it difficult to defend the prices they had fixed.

A slight fall in supply was enough to bring about the present chaos. Prices will therefore remain on the high side so long as supply is not equal to demand.

The trend could however be reversed as soon as demand ceased to be higher than supply, thanks to energy savings or to new resources.

Meanwhile, we are experiencing a new transfer of purchasing power which will have an adverse effect on the rate of inflation and risk jeopardising the success of the Barre plan.

However, French people will certainly not overcome present difficulties by yielding to panic but by keeping cool heads. There are two reasons for thinking that the fears generally expressed or felt are perhaps excessive. The first is that *this is not a French* crisis but a general one and that its consequences, notably inflation, are probably less difficult to bear and contend with when they obtain elsewhere as well as in our country.

The second reason is that the imbalance is only marginal and that the slightest move towards a sensible and concerted policy of energy saving or a new even limited discovery of oil would completely change the whole aspect of the problem.

In any case, it is clear that our best chance of overcoming the difficulties of the present economic situation is to continue to *follow, for the common good, the* main lines of our policy of stabilisation.

In this context, which combines the promise offered by the wise choice of basic options nationally, and the disquiet caused by the threats hanging *over us internationally. Compagnie Financière de Suez goes* on its way and the news I have to give you regarding the beginning of the financial year 1979 *is on the whole satisfactory.*

In the banking sector, operating conditions continue to be difficult because of the limits imposed on our activity by credit restrictions while overheads follow the general upward curve of wages. Besides, contrary to what one sometimes hears said, there is now very keen competition between banks in all fields, which means that everyone works with very narrow *margins*. Nevertheless, *the* dynamism of our two large Banks has not slackened and they are continuing to expand by endeavouring to increase the numbers of their customers both in France and overseas, both by enlarging their networks and improving the services offered. *Both Crédit Industriel et Commercial* and INDOSUEZ increased their profits in 1978 and will distribute in 1979 7% and 10% more respectively than in the previous year.

It is still too soon to have any idea of their 1979 performance. However, the first few months appear to be comparable to those of 1978.

In the property sector, things are on the whole improving. The *market remains* active in the credit field and the rate of sales seems to be picking up. Our subsidiary Compagnie La Hénin, whose consolidated profits are considerably higher, will increase its own profits appreciably during the financial year 1978/79.

As regards *industrial* investments, the position is obviously more varied in view of the diversification of our interests. *We can say, however, that on* the whole the present position of our industrial subsidiaries is better than the average position *of French industry*. This is due in my opinion to two causes. Firstly, we are not heavily involved in the worst affected sectors; in particular the steel industry, where we have no investments at all and only a small banking connection. Secondly, our subsidiaries have been able to take the necessary measures to deal with the problems confronting them and to master difficult or doubtful situations.

For instance, our important associated company Saint-Gobain-Pont-à-Mousson has embarked, mainly in France, on a large *programme of reorganisation* which circumstances have made essential. Béghin-Say, too, has progressed from a loss of 127 million in 1977 to a profit of 124 million in 1978. On a more modest scale, our small subsidiary Huré has also in the particularly difficult machine-tool sector retrieved an apparently hopeless situation and has reached today, almost alone in this sector, a reasonably *balanced activity.*

Finally, there remains the stock market which is for us, as you know, of prime importance.

After a particularly successful year in 1978, when we made a very good profit from the rise of the Paris market, the beginning of 1979, although not spectacular, has nevertheless been satisfactory.

Our portfolio of stock market securities has appreciated since 1st January by a little over 10%, in spite of the present sluggish tendencies of the Paris and New York stock markets.

My feeling on *this* is that in spite of last year's *rise* the price level of the leading French securities is still very moderate *and that the slightest brightening* of the international horizon could be followed by a considerable improvement in prices. *There* is both a technical and a psychological reason for this. The first is the still very low capitalisation of good French securities which still yield 8 to 10%, scarcely less than bonds which have no possibility of an increase in their coupons.

The second is the basic change of attitude which results from the realisation that an increase in own funds is a necessity for all companies. This will entail an effort to *increase the* importance of shareholders and consequently to give them satisfaction by improving both the *information available to them* and their rewards. This policy, which must be the task of Government as well as of companies themselves, has begun to be put into practice particularly following the Monory Act and should continue to be successful.

Naturally, when I speak of the very low prices of leading French securities, I am also thinking of our Company's share which, at a price below 300, *yields over 9% and gives a dis*count of about 50%.

It is therefore reasonable to hope, in spite of last year's rise, for a new improvement which would be justified as much by our present position as by our future prospects.

The Report and Accounts were adopted and the distribution of a dividend of 18 francs per share payable as from June 11, 1979 *against Coupon No. 36*, was approved. UK residents are entitled to claim an "avoir fiscal" of 9.00 francs.

All eleven resolutions before the Meeting were passed.

At the Extraordinary General Meeting, all four resolutions were passed.

An English translation of the Annual Report and Accounts and of the Extraordinary Meeting Report, will be obtainable, later, in London from BANQUE DE L'INDOCHINE ET DE SUEZ, Securities Department, 62-64 Bishopsgate, London EC2N 4AR (Tel: 01-588 4941, Ext. 252) and in the United States from Mr. R. Viriot, Blyth Eastman Dillon & Co. Inc., McGraw Hill Building, 1221 Avenue of the Americas, New York, N.Y. 10020, USA.

UK NEWS

Meter readers use computers in home billing experiment

BY DAVID FISHLOCK, SCIENCE EDITOR

DOMESTIC ELECTRICITY bills are being worked out and *printed on the spot by meter* readers equipped with miniature computers in an experiment just begun in Scotland by the South of Scotland Electricity Board.

If successful, "doorstep billing" could eventually save the industry several million pounds annually in postage and through speedier payment of bills.

First details of the experiment were disclosed at an electrical producers' conference in Warsaw, which was told that it took only 10 seconds to calculate and print a bill.

None of the other 31 nations represented at the conference indicated that it was studying similar schemes, although cost savings in customer billing was *an important topic.*

The experiment began with an idea from Plessey Microsystems, which the Electricity Council has supported on behalf of the UK industry.

The company worked closely with the South of Scotland Electricity Board in developing a computer no bigger than a large handbag, which the meter reader can carry comfortably by *shoulder strap.*

Proving trials with eight computers have just begun at Greenock, where each meter reader is calling on about 200 of the electricity board's customers each day.

Each computer is programmed daily with details from a central computer to the customers on his round, including such advice as when not to call on customers who have made special arrangements for paying bills.

Mr. Roy Berridge, chairman of the South of Scotland Electricity Board, said the experiment was not taking place in Scotland because they had any special problem with unpaid bills.

He believed it could mean that bills were paid, on average, from three to five days sooner. This would be worth about £500,000 a year to the Board.

But Mr. Berridge emphasised that his board was moving warily in introducing doorstep billing.

Industrialised countries 'face leap in inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INFLATION performance of the major industrialised countries this year could be the worst since 1975, according to City stockbrokers Phillips and Drew.

In a new analysis of oil and the world economy, the brokers estimate that higher oil prices *will directly add 1½ percentage* points to the average inflation rate this year.

The annual rate of increase of consumer prices among industrialised countries of the Organisation for Economic Co-operation and Development is estimated at 8.7 per cent this year and 8.3 per cent in 1980. This compares with 7 per cent last year. Apart from oil prices, upward pressure is also expected to come from rapid earnings expansion in the U.S. and the UK.

Slack growth

Total output in the OECD will probably increase by only 1¾ to 2 per cent in 1980 after an expected rise of 3 per cent this year. The direct impact of *oil price projections*—about 30 per cent higher in both 1979 and 1980—coupled with the probability of weaker demand *in the oil-producing countries*, may reduce the total output of industrialised countries by between ½ and ¾ of a percentage point in both years.

The average rate of growth in the UK is projected to slacken from 2.9 per cent last year to 1.1 per cent in 1979 and to 1.5 per cent in 1980.

Brokers de Zoete and Bevan warn of a "very great risk" in substantially reducing domestic demand by more than is currently forecast as a result of the monetary guidelines in the Budget. This risk will be reduced only if monetary policy is designed to follow the targets set for 10 months ahead, rather than again attempt to achieve similar annual targets over the coming four months.

The Treasury forecast of a 13½ per cent increase in retail prices in the 12 months to late summer 1980 is described as "awful" by brokers L. Messel. However, the firm doubts whether inflation can be as bad as that if sterling remains firm.

The brokers argue that in that case it would be impossible for companies to pay the wage *and raw material cost increases* that would lead to an inflation rate as high as 13½ per cent.

"With interest rates at present levels, and the economy about to enter a recession, money supply growth under 10 per cent should also be attainable. In such circumstances, inflation at 13½ per cent would strain the economy's liquidity intolerably, particularly if it were in the wake of 16 per cent in 1979."

Ashley Ashwood

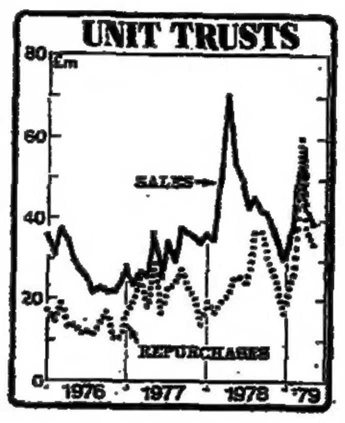
First Sea Lord Sir Terence Lewin (centre) and Lord Strathcona, Minister of State for Defence (left), accept the Royal Navy's first Sea Harrier from Sir Frederick Page, British Aerospace aircraft goup chairman.

Unit trusts blame fall in receipts on market

By Eamonn Fingleton

THE STOCK MARKET'S disappointing performance following the Conservatives' election victory was blamed *yesterday* for a fall in the unit trust industry's net receipts from investors.

Net new investment in units in May slumped to only £4.8m



—the second worst figure since 1977.

The industry's sales totalled £39.4m, a fall of £4m on the April figure. Repurchases from investors cashing in their holdings also fell — from £38m to £34.6m — but this was still a considered a disappointing figure.

Mr. Edgar Palamountain, chairman of the M and G group, commented: "The disappointing trend of the stock market was the main reason for both the fall in the industry's sales and the high level of repurchases. Repurchases may also have contained a seasonal element reflecting cashing-in by people paying for holidays."

BL's Honda contract 'ready by September'

BY LISA WOOD

THE CONTRACT with Honda for BL to produce a new Honda-designed car in Britain from mid-1981 will be finalised before September, said the Japanese manufacturer yesterday.

Honda and BL said last *month* that they had reached a basic agreement that the car would be *produced* at BL's Speke plant, Liverpool, and at Canley, Coventry.

The new cars will be produced under licence at an initial annual rate of 50,000 to 60,000. Some items, such as engines and transmission systems, will be supplied by Japanese manufacturers.

Honda and BL are still discussing terms of the contract, including details of the supply of Japanese-made parts and a building formula. Honda is studying plans to increase its imports of vehicle parts from Britain, including parts from BL-affiliated manufacturers.

BL said final approval to the deal should be given by the National Enterprise Board and the Government by August, so it was hoped that the contract would be complete by September.

BR team to advise on U.S. rail developments

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

TRANSMARK, British Rail's consultancy subsidiary, has won a contract to advise the U.S. railway authorities on the upgrading of services between Washington and Boston.

The consultants will help establish a timetabling and operational control centre in Philadelphia similar to that at Crewe, which oversees services on BR's London-Midland region.

BR will also assist General Motors in adapting a Swedish electric locomotive scheduled for use on the 120 mph Washington-New York service from 1983.

BR also hopes to sell the Americans the technology behind the 150 mph advanced passenger train, which is now being tested before entering service in Britain later this year.

The advanced train, with its high-speed cornering capability, could be suitable for the New York-Boston run, which has many bends. Officials from the U.S. Transport Department and AMTRAK, the federal rail passenger authority, have already visited Britain to inspect the train.

Storm over prescriptions

FINANCIAL TIMES REPORTER

REPRESENTATIVES OF 9,600 High Street chemists are to hold an emergency meeting to discuss the impact of higher prescription charges on their businesses.

The chemists claim the increase in prescription charges from 20p to 45p, announced in the Budget last week, will make them worse off, and they are taking the opportunity to complain again about their contracts with the Government.

Mr. Alan Smith, chief executive of the Pharmaceutical Service Negotiating Committee, said yesterday that unless the contract were changed to give chemists a fairer deal, they *might have to consider resigning* from the contracts.

If they did, this would mean they would no longer handle *National Health Service* prescriptions. While such a drastic step is unlikely, the chemists are clearly concerned that they *will* have to bear additional administrative costs in collecting the higher prescription charges without an improvement in their contracts.

In support of their claim that the present contract fails to reward hard work or increased efficiency, the chemists argue that the number of chemists' shops in Britain has substantially declined and will continue to do so unless contract terms are improved.

The Sea Harrier joins the Navy

BY LYNTON McLAIN

THE FIRST production Se Harrier for the Royal Nav was handed over yesterday a British Aerospace's Dunsfol test airfield in Surrey, with th prospect of imminent expor orders.

The Royal Navy has ordere 34 of the £5m Sea Harrier and the Indian Government i expected to place the fir *export contract—for six ai* craft—this summer.

Other Governments, includ ing France and Spain ar *known to be interested*. Spai already has 13 earlier typ Harriers and Sea Harrier pro pects were discussed this ye *when* Admiral Sir Teren Lewin, the First Sea Lord, m Spanish officials.

British Aerospace said ye terday that a total of nn navies had tested the Harri in flights from more than ships.

The aircraft at the centre the ceremonies yesterday w join Invincible, the Ro Navy's first new comman *cruiser, next summer.*

In the meantime, it will he form the Navy's first verti take-off trials unit at Yeovilt Somerset.

Squadrons of Sea Harric will join Illustrious and t new Ark Royal command shi in the 1980s and aircraft w also be assigned to Herm after its ski-jump take-off i is fitted next year.

Sandelson & Co

In our issue of June 8 stated, in relation to the rep of the Department of Tr Inspectors into Larkfold Ho ings, that they had castiga (among others) stockbrok Sandelson and Co. for permitt Larkfold's funds to be misu and for not accepting or ca ing out the responsibilities their position. In fact, Inspectors' report made criticism whatsoever of San son and we wish to apolo unreservedly for this error.

World coal deposits to be compute

By John Lloyd

NCB (IEA Services), the sidiary of the National C Board which operates under auspices of the Internatio Energy Agency, is to build a computer-stored assessment coal deposits throughout world by 1982.

The project, foreshadov yesterday in the compar annual report, is expected result in a system identify and quantifying amount quality of coal at most sites the world.

The *report says that* experimental pressurised, flu ised bed combustion plant be built at Grimethorpe, York *under the IEA's auspices* shou be ready for commissioni later this year.

Fluidised bed combusti could overcome the ma operational problems encou tered in low-grade coal pow generation, those of erosi corrosion and fouling of t heat exchange system.

CONTRACTS

£750,000 job at Cornish pasty factory for E. Thomas & Co.

Building and civil engineering contracts in the West Country worth £2m have been awarded to E. Thomas and Co., a member of the Mowlem Group. E. Thomas has started work on a £750,000 contract for the English Industrial Estates Corporation for construction of a single-storey production extension for Ginster's pasty factory at Callington, East Cornwall. The corporation has also awarded a £190,000 contract to build a 10,760 square feet single-storey extension to Bramwell David's furniture factory at Penryn. Other orders *include the construction of* a high sea defence wall at Ilfracombe for the South West Water Authority for £600,000 and a £300,000 sub-contract from Matthew Hall Ortech for the design and construction of reinforced concrete slab foundations and retaining walls at Geevor Tin mine, St. Just.

★

PYE TVT has received a contract from the Independent Broadcasting Authority worth around £250,000. Two specially developed 10 kW UHF television transmitters are to be supplied and installed in British standard freight containers. The transmitters are for use either as completely self-contained *independent units or for operation* together in parallel or main and standby configurations. The containers, which can be loaded on to any standard low loading vehicle, will be complete with their own self-contained cooling and RF switching facilities.

★

Conyers, a subsidiary of Dale Electric of Great Britain, is having a 1,800 square metres despoke factory built by the English Industrial Estates Corporation on the Department of Industry's site at Cayton Road, Scarborough. The building contract, worth about £243,000 has been awarded to *QUIBELL AND SON (HULL).* Work has started and completion is scheduled for January next year.

★

Following the recent commissioning of the West German positron-electrode tandem-ring accelerator at Hamburg, which uses 350 Lintott quadrupole focusing magnets, LINTOTT has received an order worth more than £180,000 for similar magnets *for a new accelerator in Berlin.* This will be a smaller accelerator which will be paid for by the West German Federal Government and installed on a site donated by the Berlin authorities. The quadropole magnets to be used at Berlin are similar to the Hamburg magnets, although they are shorter and use copper coils instead of aluminium.

★

The Department of the Environment has awarded a £152,000 contract to B. AND E. BOILERS for three 15m BTU hour single-furnace and fully-packaged coal-fired boilers. They will be manufactured at the company's works at Bracknell for delivery at the end of July.

★

The Royal Ordnance Factory, Patricroft, Manchester, has placed a £130,000 order with the CHRISTY GROUP for two containerised mobile swarf treatment and oil reclamation systems.

★

A contract worth around *£700,000 has been awarded* by the National Coal Board to NEI POWER ENGINEERING (PAROLLE) for the manufacture, supply, supervision of Board installation and full commissioning of a complete new electric trolley locomotive system for the Board's Gedling Colliery near Nottingham.

★

The contracts division of the BRITISH ALUMINIUM COMPANY *has* been awarded two contracts worth £630,000 for Triodetic aluminium spaceframe structures. The first contract is for a 55,000 square feet special roof structure to be built over Queens Market, West Ham, in East London. The second is for the entire structure of a new *47,000 square feet* maintenance building for the Abu Dhabi National Oil Corporation.

★

PLENTY BESCON has received two orders worth £1.5m from John Brown Engineering (Clydebank). The first order, valued at £500,000, is for the Slough Estates Group and comprises fuel oil treatment plant and ancillaries to provide power and steam for the Slough industrial estate. The second order, worth £1m, is for the installation in Rangoon, Burmah, of two megawatt gas turbines, a fuel oil treatment plant and a fuel farm for the Electric Power Corporation.

PLESSEY AVIONICS AND COMMUNICATIONS (PA AND C) has received a Ministry of Defence order worth in excess of £400,000 for the provision of PR2250 receivers and spares for use in Royal Naval shore stations. The PR2250 is a high-quality tunable synthesised receiver *for local* and remote-controlled use.

Shotton workers seek new structure

FINANCIAL TIMES REPORTER

HE GOVERNMENT is being asked to take the Shotton steelworks, threatened closure out of the control of the British Steel Corporation, it was disclosed yesterday.

e proposal is contained in a document sent to Mrs. Margaret Thatcher, the Prime Minister and Sir Keith Joseph, Industry Secretary.

envisages Shotton being run as a semi-autonomous plant under the control of the Government, probably via the National Enterprise Board.

e plan has been darwn up by the Shotton action committee which was set up six years ago when proposals were first made for ending stelmaking at the works with the loss of more than 6,000 jobs.

considers that the Shotton works, with a more efficient steelmaking process feeding the well-established finishing section, could become profitable if taken away from British Steel.

e committee is refusing to release details of its plan until next month, but it is understood that it does not have the full support of the TUC's influential steel industry committee which is represented on British Steel's planning board.

S. Wales rail strike after crew censured

BY NICK GARNETT AND ROBIN REEVES

BRITISH RAIL services in South Wales were severely disrupted yesterday after a train crew deliberately ignored service cuts introduced by management last week to save fuel.

Train crews at Treherbert and Rhymney depots walked out when the offending crew was charked with a breach of discipline for taking a train the full length of its normal route instead of travelling only a part of the distance as instructed. Signalmen and other staff later joined them.

The dispute, so far unofficial, has been smouldering since last week when British Rail announced service cuts to alleviate its diesel fuel shortage. Railwaymen fear these reductions could become permanent. Discussions were taking place last night to try to end the dispute.

The arbitration panel which is considering a 17 to 20 per cent pay claim from 15,000 workers on the London Underground was told by the National Union of Railwaymen yesterday *that the union would take any* action necessary to secure what it believed to be justice for its members.

In its submission to the panel, which reconvenes today to hear further evidence, Mr. Charlie Turnock, NUR assistant genera secretary, said he could not recall a time when there had been such anger and frustration among NUR members.

The union's membership was united in its resolve to secure a just settlement and would not be "fobbed off" with a deal which further reduced living standards.

Tube action

London Transport has offered 10.3 per cent to the trhee rail unions with members on the underground service. But the NUR told the panel that the restoration of April, 1975, pay levels required basic rate increases of almost 17 per cent for railwaymen, and up to 25.3 per cent for top grade supervisors.

No one doubted the need to pay top salary groups large increases because their salaries had fallen behind. If those groups needed their earnings protected, the case was even stronger for London Transport's workforce. The train drivers' union, ASLEF, and the Transport Salaried Staffs Association have already submitted written evidence.

The arbitration panel will report its findings, which are not binding, on Thursday. The executive of the NUR, which has postponed a strike of its members, will meet on Friday to discuss the decision.

Action may hit London hospitals

Several London hospitals could be hit by lightning strikes in support of a sacked union official, it was claimed yesterday. They are expected to follow the lead given by members of the National Union of Public Employees at Hammersmith Hospital, West London, who begin a 34-hour walk-out at 6 am on Friday next week.

Patients face loss of some services in the battle to reinstate trainee carpenter Mr. Bill Geddes, the union's branch chairman at Hammersmith Hospital.

Mr. Bernie Grant, NUPE area officer, said yesterday: "It is unfortunate that, while we do not want to harm patients, several services to them will be affected.

"It is only the start of the campaign. There will be more industrial action if Mr. Geddes is not reinstated.

Mr. Geddes, 35, of Ethelden Road, Shepherds Bush, feels he was victimised because of his union activities, and because he embarrassed officials over health risks at the hospital.

He became a national name only days before his sacking when he told the union's annual conference in Scarborough that pay bed patients were "rich bastards" who would be blacked from January 1.

Gas clerks will fight for higher offer

BY NICK GARNETT, LABOUR STAFF

SECTIONS of white-collar staff working for British Gas are expected to call for strike action unless the corporation improves an informal pay offer of about 9 per cent.

The National and Local Government Officers' Association, the largest white-collar union in the corporation, and MATSA, the white-collar section of the General and Municipal Workers' Union have rejected the offer, made during a meeting of a joint management-union working party studying pay proposals.

Further pay negotiations are expected this week. Any new offer resulting from these talks will then be put to the gas industrial group of NALGO, which represents 45,000 of the 55,000 workers.

The immediate threat of strike action has come from MATSA, which represents 6,000 staff. A recalled conference of the union called for action unless substantial improvements were made in the offer. A settlement is due next month.

Mr. Maurice Reed, MATSA national officer, said the corporation could afford to meet the union's claim, which it estimates at about 30 per cent.

NALGO has sought a new minimum of £65 and substantial increases on basic pay to offset erosion in living standards since 1975.

The industry's 43,000 manual workers recently settled on about 10 per cent after protracted negotiations.

Rists engineers return to work

ABOUT 200 striking engineers at Rists Wires and Cables, of Newcastle-under-Lyme, North Staffordshire, have voted to accept a revised pay offer and end their two-week dispute. They walked out over a pay claim and later rejected a 14 per cent offer, demanding an extra 2½ per cent and £450 productivity back pay.

Hands off shipbuilding, Tories told

IF THE Government does not continue to develop such policies as improved credit financing, flexible price subsidies and more defence orders for the shipbuilding industry there will be "chaos, anger and confusion," warns one of the industry's leading trade unionists.

Mr. John Chalmers, general secretary of the Boilermakers' Society, says in its newsletter that the Government has yet to emerge with any firm proposals for shipbuilding.

"But what has been said, by some Tory MPs, is that as soon as each or any subsidiary in shipbuilding becomes viable and profitable it will be hived off."

Mr. Chalmers, based at the union's Newcastle headquarters, says that in spite of the difficulties in obtaining a sufficiency of orders and the maintenance of the labour force, "we must say to the Tories, 'Hands off our industry'."

Mr. Chalmers calls on Sir Keith Joseph, Secretary for Industry, to consult and communicate with the unions before reaching any decisions of the kind that could create unnecessary industrial unrest and possibly strikes.

Lester gives details of job scheme cuts

BY OUR LABOUR EDITOR

DETAILS OF the Government's cut in the Manpower Services Commission budget for special employment programmes were given yesterday by Mr. James Lester, Employment Under-Secretary, in a parliamentary written answer.

The main cut, of £42.2m., would be from the Special Temporary Employment Programme, reducing the expected number of places from 30-35,000 by the end of next March, to 12-14,000. These would be concentrated in "areas of greatest need."

The budget for the Youth Opportunities Programme is reduced by £25.3m. Mr. Lester said the aim would be to "remain within the range" of the 100-120,000 places filled at the peak of the 1979/80 financial year.

"Even so, more people would be able to benefit from the programmes this year than last." The period of the grant would be reduced, and less expensive places would be provided.

Finally, £1m would be cut from the Community Industry scheme. It would expand from 5,200 places to nearly 6,000, or about 1,000 less than proposed under the last Government.

It was said at the time of the Budget, when a total of £170m was announced as the planned saving, that the expansion of special measures was being curtailed by concentrating aid in the special development areas, the development areas and the inner cities.

Coal Board to consider Gormley plea for pit

BY ROBIN REEVES

E NATIONAL Coal Board eed yesterday to examine a ecial plea from Mr. Joe rmley, the National Union of neworkers' president, to reisider its decision to close ep Duffryn Colliery, South les.

The indications are that the ird will give its reply in out a week. The union wants board to give the pit a last nce by spending up to £5m breaking through a fault in rch of profitable coal seams. The planned closure, due to e place in August, is opposed only by the the NUM but by other coal industry unions and by local authorities in the area, which is already suffering above-average unemployment.

Salvage work at the colliery is already underway and the NCB plans to transfer the workforce of some 550 to other pits. But should it rule out a reprieve, the South Wales executive of the NUM is anxious to hold a coalfield ballot in favour of taking industrial action to oppose the closure.

Local miners' leaders argue that the shutdown of Deep Duffryn will open the way for the closure of other collieries in South Wales.

POINTMENTS

Hall Engineering Board posts

Ir. J. Parsons and Mr. B. ks have joined the Board of LL ENGINEERING (HOLD-S) as non-executive directors.

★

r. John Williams, group-chief rating officer, is to retire from INTERNATIONAL because ll health. Mr. Williams, who 2, joined BOC in 1955. He appointed to the Board of I in 1969. Until last ember he was managing ctor of BOC Limited, the subsidiary trading in UK Europe. He was then inted group chief operating er of the parent company, International.

★

r. Giovanni Malvezzi, president of LOEB RHODES-HORNWER INTERNATIONAL lquarters in London, is to me deputy managing ctor of the CASSA DI PARMIO DELLE PROCIE LOMBARDE-CARIPLO ilan. He will remain on the d of Loeb Rhodes Hornrer International and his tion as president of that ern will be taken over next th by Mr. E. Alan nberger, formerly co-head of corporate finance department he Loeb Rhoades Group in York.

★

. M. J. Newnham is to become head of management services at the Guildford head office of the CORNHILL INSURANCE COMPANY from July 1. He will succeed Mr. J. S. Rawlings, who retires at the end of this month after 44 years with the group.

★

Mr. David Walton, previously deputy chairman of the SCOTTISH METROPOLITAN PROPERTY COMPANY, has been appointed chairman following the death of Mr. Isadore A. Walton, chairman and managing director. Mr. David Walton and Mr. Gordon S. Milne, who were joint assistant managing directors, *have become joint managing* directors.

★

The Stenhouse Reed Shaw Group has appointed Mr. Alan Warnes as a director and Mr. Peter Hughes, an associate director, of WRIGHT DEEN AND CO., Lloyd's brokers.

★

Mr. K. G. Spencer has been appointed London non-marine underwriter of the ORION INSURANCE COMPANY from September 1. Mr. G. S. Christensen is relinquishing that position at the end of August to take up another post outside the company.

★

The BRITISH DENTAL TRADE ASSOCIATION has elected the following officers for 1979-80: Mr. W. M. Lee, president, Mr. P. de Trey, vice-president, and Mr. L. E. Shadbolt, honorary treasurer.

★

Mrs. Isobel Cosgrove, an Oxford lecturer and tutor in geography at Queens College, has been made the first tourism project officer for Oxford under a two-year appointment from next month. The post has been paid for by the English Tourist Board.

★

Mr. Brian Allen has been appointed to the newly-created position of director of the FAR EASTERN FREIGHT CONFERENCE. The post is part of the recent re-organisation of London FEFC secretariat dividing the secretariat into three divisions—central, economic and finance, and commercial. Each division is headed by an assistant director who will work under Mr. Allen.

★

Mr. William Voss has joined BUCKMASTER AND MOORE, stockbrokers, as a senior institutional salesman. He will be an associated member of Buckmaster and Moore.

★

The Secretary of State for Social Services has appointed Professor Roger Dyson as his consultant adviser on industrial relations in the NHS.

★

Mr. E. W. J. Ashford has been elected president of the INSTITUTE OF QUANTITY SURVEYORS for the ensuing year. Mr. J. H. Scroxton becomes immediate past president. The other officers of the institute elected at the annual meeting were: senior vice-president Mr. P. E. T. Spencer, vice-presidents Mr. R. C. Clarkson and Mr. J. E. Revis.

★

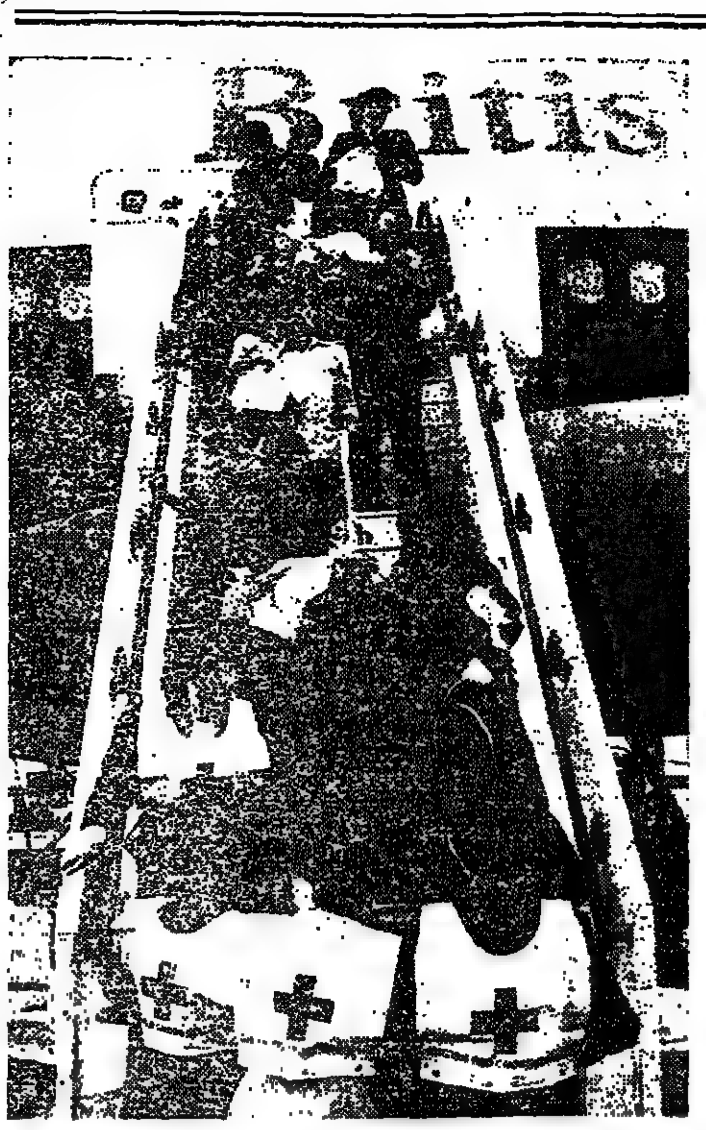
Dr. Eugene McKenna has joined the NORTH EAST LONDON POLYTECHNIC as head of the department of business studies in the faculty of business.

★

Mr. David Pitts, managing director of David Pitts and Holt, is the new president of the ELECTRICAL CONTRACTORS' ASSOCIATION for 1979-80. He takes over from Mr. Patrick Lewe. Taking office at the same time are the Association's two vice-presidents: Mr. Charles Bromley and Mr. Bryan Ford.

★

Sir Monty Finniston has been re-elected president of the INSTITUTE OF MANAGEMENT SERVICES. Mr. Harold Williams becomes chairman, Mr. Ray Barrington takes over as deputy chairman and Mr. Philip Butcher continues as treasurer.



Vietnamese refugees rescued by the freighter Sibanga arriving at Heathrow to start a new life in Britain.

Varley condemns high-risk Budget

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVE Budget is planting the seeds of a grave economic crisis that will cause hardship and suffering to the whole country, Mr. Eric Varley, Labour's Shadow spokesman on employment, told MPs last night.

Speaking on the last day of the Commons Budget debate, he declared: "This Government is set to break many records — on inflation, on unemployment and even on provoking industrial disputes."

But the Budget was defended by Mr. John Nott, the Trade Secretary, who agreed that the Chancellor had adopted a "high risk strategy."

Tory determination

"So be it," he said. "It may require some risks to arrest our ever-accelerating decline."

He emphasised that the determination of the Conservative Government to carry through the strategy was never in doubt.

"Now, the Government is going to meet its manifesto commitment and do its very best to put things right," he assured the House.

Opening the attack from the Labour front bench, Mr. Varley said the Budget represented the biggest political gamble that this country had seen for a generation. He profoundly disagreed with the analysis behind it.

"It is bound to fail because what the Chancellor delivered was a recipe for soaring inflation, rising unemployment and industrial decline."

The problem of productive investment at home would be aggravated by the decision to relax exchange controls. This would result in more capital investment going abroad and a widening of the domestic investment gap.

"Ther one boom in British exports will be the export of investment," he prophesied.

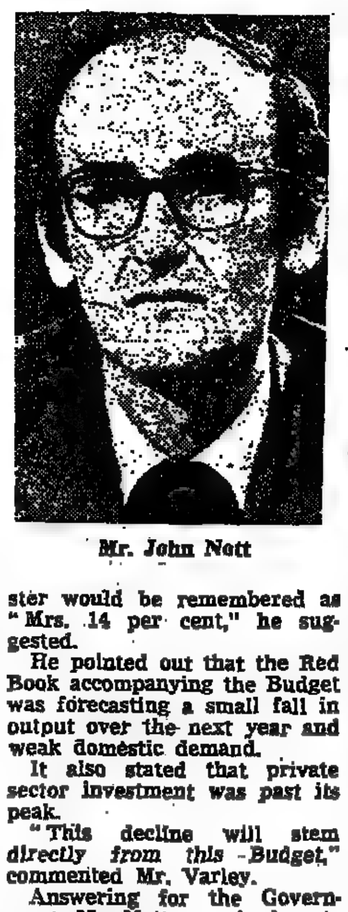
He likened the present strategy to that adopted in the first Tory budget of Mr. Heath's Government in 1970. He recalled that this had resulted in a U-turn and the introduction of the Industry Act of 1972 to provide financial assistance to companies in trouble.

He also reminded the House that the present Chief Secretary to the Treasury, Mr. John Biffen, had opposed that Act from the Tory back benches.

"I have a feeling that in a couple of years time he will return to a comfortable position on the back benches from which he will be criticising the inevitable panic U-turn that lies ahead," he said.

The Labour spokesman was particularly critical of the rise in the Minimum Lending Rate to 14 per cent, which he saw as the most negative aspect of the entire Budget.

As a result, the Prime Minister would be remembered as "Mrs. 14 per cent," he suggested.



Mr. John Nott

He pointed out that the Red Book accompanying the Budget was forecasting a small fall in output over the next year and weak domestic demand.

It also stated that private sector investment was past its peak.

"This decline will stem directly from this Budget," commented Mr. Varley.

Answering for the Government, Mr. Nott surprised some MPs by his attitude towards the Treasury forecasts in the Red Book.

He accused Mr. Denis Healey, the former Labour Chancellor, of being obsessed by the statistics which it contained.

Mr. Healey's performance in office had convinced him that Government forecasts were not necessarily relevant to the real world.

No-one had been more successful than Mr. Healey in undermining the credibility of the national income forecast contained in the book.

Mr. Nott emphasised that the book itself had declared: "There is no clear assumption that past errors are a good guide to future errors."

At this, Mr. Denzil Davies, former Treasury Minister, pointed out that the Red Book also said the Government was going to keep growth of money supply to 9 per cent.

Was this to be taken seriously or not?

Mr. Nott assured him that the Government was perfectly serious about that figure.

Mr. Healey intervened to protest that, by its actions in the Budget, the Government was making matters worse for inflation.

The retail price index had been expected to rise to 12 or 13 per cent by the end of the year but now, as an inevitable consequence of the Budget, it was likely to be 20 per cent.

Mr. Nott retorted that the Conservatives had inherited a situation with strongly rising price increases expected in a "very substantial way."

There were Labour jeers when he added: "I would be quite happy to go into prices at greater depth but I don't want to speak at great length."

Factory gate prices had been rising at between one and 1.5 per cent a month all this year. The retail level of inflation was already back in double figures when the Conservatives took office.

Difficult outlook

The Government was content to be judged on the increase in real disposable incomes over the next five years. If we could narrow the gap between British incomes and those in Germany and France then we would be on the right road to recovery.

Mr. Nott emphasised that we were facing a difficult outlook for our world trade. Although we were protected from the direct effects of increased oil prices their impact on the demand for our goods abroad was bound to be severe.

The rise in oil prices was going to harm us unless we could increase our share of world trade. That had to be our objective.

The trade figures on the first four months of the year showed a £1bn deficit. But it would be a tragedy if we reacted to this by placing the open system of international trade in jeopardy.

Inflation brings Minister to earth

By Philip Rawstorne

A LOT of "ordinary . . . er, honorary . . . er, honourable members" were waiting to take part in the last day of the Budget debate, the Speaker warned in the Commons yesterday.

Mr. John Nott, Secretary for Trade, duly fulfilled his first fears by getting the proceedings off to an undistinguished start.

Mr. Nott's waspish humour has earned him something of a reputation as a Commons cabaret artist. But his performances in the past have been in front of receptive late-night audiences—and in the early afternoon, he fell quite flat.

Mr. Nott came down to earth with a bump in fact as Labour MPs tackled him about the Treasury forecasts for inflation and unemployment.

Such predictions were notoriously prone to mistakes, Mr. Nott responded jokily.

Government forecasts were not necessarily relevant to the real world, he said.

Then what about the Government's forecasts for the money supply? asked Mr. Denvil Davies, the former Labour Treasury Minister.

They were quite different, said Mr. Nott. "They were a statement of the Chancellor's intentions," he declared.

Even such a freemarket advocate as Mr. Enoch Powell soon began to find that incredible, however.

Mr. Nott said the Price Commission was being abolished because it could not influence the general level of prices. What was needed was a more effective competition policy.

"That cannot keep down the Retail Price Index either," Mr. Powell observed.

"It can," said Mr. Nott. "It can't," replied Mr. Powell. The duet continued until Mr. Nott in exasperation declared: "Your tortuous logic defeats me."

That at least enabled Mr. Eric Varley, Labour's Employment spokesman, to work into the debate a passable joke about the encouragement the Budget had given to pop stars like Tom Jones and Engelbert Humperdink to return to Britain to found a silicon chip industry on Merseyside.

UK urges talks on boat people

BY IVOR OWEN

WITH THE plight of the Vietnamese "boat people" growing more desperate, Britain is stepping up her efforts to secure an international conference on resolving the problems involved in meeting their needs.

Sir Ian Gilmour, Lord Privy Seal and chief Foreign Office spokesman in the Commons, told MPs yesterday that the Prime Minister had sent a further message to Dr. Waldheim, the UN Sec.-Gen., stressing that the need for such a conference had increased greatly since she first wrote to him on May 31.

There was condemnation from both sides of the House of the Government of Vietnam for forcing so many Indo-Chinese to take to the open sea, and of the Government of Malaysia for threatening to shoot any further refugees seeking to come ashore on its territory.

But an attempt to secure an emergency debate was rejected by Mr. George Thomas, the Speaker.

Suggestions that the Government should give a lead to the world by announcing Britain's willingness to take up to 15,000 more Vietnamese refugees were sidestepped by Sir Ian, who insisted that decisions of this nature were a matter for the Home Office.

Detailing the latest steps taken by the Government, he revealed that Mrs. Margaret Thatcher had also sent a message to the Prime Minister of Malaysia.

Britain, he said, had urged interested Governments to support the proposal for a conference, to consider themselves making additional offers of help, and to bring their influence to bear on the Government of Vietnam to abandon the policies which were causing so much hardship for the refugees and for Hong Kong and the South-East Asian countries where they land.

In Paris, earlier in the day, Lord Carrington, the Foreign Secretary, had discussed the convening of a conference with the French Foreign Minister, who had indicated that the French Government, like others of the EEC, supported the proposal.

Mr. Peter Shore, Labour's shadow foreign secretary, accepted that the root of the problem lay in the policies of the Government of Vietnam.

He underlied the sense of shock caused by the original statement by the Malaysia Government advocating the shooting of refugees. This had been only partly diminished by subsequent statements.

Because of the gravity and magnitude of the issues involved, he believed the matter should be brought before the United Nations Security Council, whose members included Governments thought to have great influence on Vietnam.

Sir Ian recalled that on the last two occasions when the Security Council considered Indo-Chinese issues, the discussion concluded with the Soviet Union using its veto.

He fully acknowledged the magnitude of the problem which stemmed from the "disgraceful and inhuman" behaviour of the Vietnamese Government.

The original statement by the Government of Malaysia had caused "great disquiet," but the Prime Minister had subsequently made it clear that while Malaysia would take firm measures to prevent further arrivals of boat people these would not include shooting.

The Malaysian Prime Minister, he added, had also stated that Malaysia would not be prepared to be left with the refugees. If they were not accepted for resettlement elsewhere they would be "sent away."

Sir Ian said this latest statement, while still open to criticism, was an enormous improvement.

Shadow positions

By Richard Evans, Lobby Editor

MR. JAMES CALLAGHAN completed his senior front bench appointments last night by announcing five shadow spokesmen, including Mr. Neil Kinnock, the rising star among younger leftwing MPs.

Mr. Kinnock becomes shadow education and science spokesman.

Mr. Bruce Millan becomes shadow Scottish secretary and Dame Edith Hart will be party spokesman on overseas aid, following her role in Government as Minister for Overseas Development.

The other jobs go to Mr. Alec Jones, MP for Rhondda, who becomes shadow Welsh secretary, and Mr. Brynmor John, MP for Pontypridd, who is made Northern Ireland spokesman.

'Stop killings' plea

BY IVOR OWEN

BRITAIN is urging Ghana's new rulers not to execute any more politicians or business leaders.

Sir Ian Gilmour, Lord Privy Seal and Chief Foreign Office spokesman, announced this in the Commons yesterday when deep revulsion was expressed from both sides of the House over the death by firing squad inflicted on General Ignatius Acheampong, former head of the Supreme Military Council.

Mr. Peter Shore, Labour's shadow foreign secretary, said that several political leaders were apparently still under threat. He called on the Government to make urgent representations to the authorities in Ghana.

His condemnation of the "odious mix of secret trials and public executions" practised by Ghana's new rulers was endorsed by Sir Ian.

He also revealed that the spate of killings which have followed Britain's decision to recognise the new Ghanaian regime under Fl.-Lt. Gerry Rawlings had renewed Government concern over the procedure for granting recognition.

He recalled that every British Government since 1950 had examined the recognition practice but had recognised that alternative procedures also had their disadvantages.

Tory right-wingers contrasted the Government's readiness to recognise the new regime in Ghana with its reluctance to take a decision on the recognition of the new Musorewa Government in Rhodesia.

But Sir Ian insisted that Rhodesia was not an independent state while Ghana was.

MPs move to curb Whitehall powers

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT yesterday published proposals for a complete overhaul of the existing system of backbench scrutiny committees. If they are implemented with the spirit the Government apparently intends, they could increase considerably Westminster's powers over Whitehall.

In theory, they could mean that MPs would be able to probe areas of Government activity—lie some aspects of the Treasury's work—now closed to them.

Ministers have accepted the recommendations of the Procedures Committee that permanent watchdog committees should be set up to monitor the work of individual Government departments.

In a motion published yesterday for debate next Monday, the Government proposed that 12 such committees should be set up to replace the existing committees dealing with particular subjects, such as immigration and expenditure.

The motion, which goes considerably further than the last Government seemed prepared to go, also embodies the Procedure Committees recommendation that the new committees should have a permanent staff of civil servants working for them.

It also endorses the idea that a separate select committee should be set up to deal with the reports of the Ombudsman.

In the same way, the Public Accounts Committee, now one of the most influential backbench committees, would continue to have a separate identity.

The motion does not, however, go quite as far as the committee wanted in increasing the powers of these new committees.

The watchdogs will have the power to send for Ministers as witnesses and to ask for Government papers—but in theory Ministers will still be able to refuse.

The Government apparently hopes, however, that this situation will never arise as the Cabinet has agreed that everything should be done to make the committee as effective as possible.

The belief is that by co-operating with the new committees, the present administration will set a precedent which will make it very difficult for subsequent Governments to withhold information.

MPs are expected to be given a free vote on the motion when it comes up for debate next Monday and though some amendments will probably be put down, the signs are that it will attract considerable support from backbenchers.

House of Commons reform is one of the few subjects which genuinely cuts across party barriers and pressure for change has grown to an almost irresistible level on both sides of the House.

Mr. Michael Foot, the Leader of the House in the last Labour Government, was, however, personally suspicious of any move which threatened to reduce the importance of the floor of the House as a debating Chamber, and for this reason did little to hasten the change.

By contrast, Mr. Norman St. John Stevas, his successor, is a supporter of the cause of procedural change, while Mr. Merlyn Rees has taken over responsibility for House of Commons matters in Labour's Opposition team.

The Government, which promised in its manifesto that it would give MPs an early opportunity to debate the committee's report, has basically taken the committee's advice on the priorities for change.

Though the report proposed changes in several other areas, such as the scrutiny of EEC legislation and the role of the Controller and Auditor-General, the committee recommended earlier this year that the first thing to do was to give MPs an opportunity to debate the proposal for setting up the 12 watchdog committees.

The Government, which seems likely to give its backing to some of the committee's other recommendations later, has proposed slightly different areas of responsibility for the 12 committees.

It has suggested putting Trade and Industry into one committee. It has also stipulated that the proposed Treasury and Civil Service Committee should have the power to appoint one sub-committee—which could develop into something like the existing expenditure committee.

The Government apparently believes that the proposals offer backbenchers a real opportunity to win back some of the influence they have lost over the years and to increase their effectiveness.

Whether this proves the case in practice depends to a large extent on the attitude of both backbenchers and Ministers to the new committees, which will be appointed by the selection committee which is in turn nominated by the party whips.

The committees will gain in influence only if MPs are prepared to put more time and effort into them than they are into the existing select committees.

APPEALS

Not all today's war veterans are old soldiers

Many of the young servicemen killed in Northern Ireland leave widows and orphans behind. Those that are disabled may never be able to work again. The annual Poppy Appeal alone cannot pay for their food, fuel and homes. Please send donations to: The Royal British Legion Appeals Department, Maidstone, Kent ME20 7NX.

CONFERENCES

RSM Conferences—A one-day conference on Friday, 29th June, at the Cafe Royal, London, W.1, at 9 a.m.

"VALUE FOR MONEY"

How to be sure that the high cost of buildings represents optimum value for money.

Tickets are £81 inclusive of VAT and further details can be obtained from Robert Stevens (Management Services) Ltd., Aldwych House, Aldwych, London WC2B 4EL. 01-242 2702/3.

COMPANY NOTICES

ANGLO AMERICAN INVESTMENT TRUST LIMITED
(Incorporated in the Republic of South Africa)
PREFERENCE DIVIDEND
AMENDED RATE OF NON-RESIDENT SHAREHOLDERS' TAX

With reference to preference dividend No. 49, payable on or about August 15, 1979 to cumulative preference shareholders registered on June 22, 1979, the effective rate of non-resident shareholders' tax is 14.9375 per cent and not 14.9204 per cent as published in the press on June 8, 1979.

Johannesburg
June 18, 1979

HOECHST AKTIENGESELLSCHAFT
Copies of the Annual Report and Accounts for the fiscal year ending 31st December, 1978 are now available from:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Gresham Street,
London, EC2P 2DL.
S. G. Warburg & Co. Ltd.,
as depositary.
19th June, 1979.

ASSOCIATED BRITISH FOODS LIMITED
NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 19 June to 12 July 1979, both dates inclusive.

By Order of the Board
T. H. M. SHAW,
Secretary

Weston Centre,
40 Berkeley Square,
London,
W1X 6BR
19 June 1979.

PLANT AND MACHINERY

WE HAVE APPROXIMATELY 80 used Fork Lift Trucks ready for immediate delivery. Leading makes finished in manufacturers colours. List sent upon request. Trade and export enquiries welcomed. Deliveries arranged worldwide. Large reduction on bulk purchases. Finance arranged. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Saltley, Birmingham, B8 1DU. Tel: 021-327 5944-5. Telex: 337052.

MEMORIAL SERVICE

BARLOW—A Memorial Service for Mr. C. S. ("Punch") Barlow will be held at Grosvenor Chapel, South Audley Street, London, W.1, on Wednesday, July 11 at 11 a.m.

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.00.

BARLING OF MOUNT STREET LTD. & SHIRLEY DAY LTD. Joint Exhibition of Recent Acquisitions of European and Oriental Works of Art at 112 Mount Street, London W1Y 5HE. Tel. 01-499 2858. From Wednesday 13th June, daily 9.30-6.00 p.m. Saturdays 10.00-1.00 p.m.

CRANE KALMAN GALLERY, 178, Brompton Rd., S.W.3. 01-584 7566. MODERN BRITISH EUROPEAN AND AMERICAN PAINTINGS AND SCULPTURE. Mon.-Fri. 10-6, Sat. 10-4.

DAVID CARRITT LIMITED, 15 Duke Street, St. James's SW1. COROT AND COURBET. Until 13 July. Mon.-Fri. 10-5.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. THE RE-DISCOVERY OF GREECE.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Sq., W.1. 499 9493-4. Important exhibition of the French late impressionist painter Marcel Vertes, including oils, watercolours, drawings and lithographs.

LEFEVRE GALLERY, CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

LUMLEY CAZALET, 24, Davies St., W.1. 01-499 5058. AKIRA KUROSAKI—Recent Woodcuts. Until 27 July.

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MARLBOROUGH, 6, Albemarle St., W.1. BRAQUE CHAGNALL LEGER MIRO MONET SIGNAC SOUTINE VUILLARD & sculpture by HEPWORTH LIPCHITZ & MOORE until 22 June Mon.-Fri. 10-5.30 Sat. 10-12.30.

MacCONNAL-MASON CECIL KENNEDY AND HIS FLOWERS, June 12-26 Mon.-Fri. 9.30-5.30, Sat. 9.30-12.30. 14 Duke Street, St. James's, London, S.W.1. Tel. 01-839 7693.

MORTON MORRIS & CO. (in association with J. L. W. Bird), 32, Bury Street, St. James's London, S.W.1. 01-930 2828. Exhibition of 19th century watercolours of the WEST INDIES until 22nd June. Weekdays 10.00-6.00. Sat. 10.00-1.00.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL-PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £2,000. For further details phone 01-839 4274-5.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings, including Blanchard, Chetious, Deschamps, Delin, Groset, Herve, Jacob, Pesset, Robin, etc., and fine modern British marine paintings and watercolours.

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REDFERN GALLERY, JEFFREY SMART, NEW PAINTINGS. June 7th-July 4th 20, Cork Street, London, W.1. Mon.-Fri. 10-5.30. Sat. 10-12.30.

SABIN GALLERIES, 4, Cork Street, W.1. 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS 1611-1830. Monday-Friday 9.30-5.30.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of old Marine, Military and Sporting and Topographical Prints and Paintings and Ships Models.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq. W8. 01-937 5883. SUMMER EXHIBITION. Until 28 July.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30am. Shows at midnight and 1 am Mon.-Fri. Closed Saturdays. 01-437 6455

PERSONAL

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Designed to produce a fancy yarn

ALTHOUGH THERE is a general depression in sales of textile machinery, a few bright spots indicate that business is brisk.

One such area is in the production of fancy yarns such as are widely used in decorative fabrics and furnishing cloths. This interest has also extended into the area of knitted fabrics where speciality effects are being used to stimulate trade.

A new machine for the production of this type of yarn has been developed in Ulster by the company James Mackie and Sons (POB 149, Belfast, BT12 7ED. Tel. 0232 27771) and is being marketed as the "Novostyle" frame.

In a single operation the machine combines both spinning and fancy twisting. It is able to spin yarns and give the feed sliver a draft from 10 to 60 through the DASN drafting system. This feedstock will be provided from large capacity sliver cans or from 14 in by 11 in heavy duty sliver bobbins and it is possible to feed in a sliver up to a weight of 10 grams/metre.

The yarns that can be spun range from Nm0.85-Nm40 which can be shown as cotton counts 0.5-24 cc, while the range of fibres that can be processed are between 3 and 20 denier, and the staple lengths from 65 to 165 mm. Natural, man-made fibres and blend variations can all be processed on the machine.

Yarns are produced with a wrapping thread of a fine synthetic which serves to hold together the otherwise unstable fancy effects. This small package will be to a maximum of 350 grams.

The production rate of the Novostyle frame is 100 metres/minute maximum, but this will depend upon the fancy effect yarn being produced. Very big delivery packages of up to 8 kg can be produced, these being of 254 mm traverse and diameter.

Effects are normally produced by a controlled over-feed and this is simply set by means of a dial control. The frame is built in two versions, the smaller having 24 spindles and the larger 48.

There are sliver and yarn stop-motions which automatically protect the machine from producing faulty yarn, while there is an independent tape drive to each spindle and, by having the construction as a double-sided machine, it is possible to incorporate individual drives to each side and so add to the general versatility of the frame.

● COMPONENTS

Small gas sampling pump

A SMALL reciprocating pump *particularly intended for air and* gas sampling systems at up to 2.5 litres per minute flow rate has a DC motor, ball bearing eccentric and specially moulded rubber diaphragm, making it very suitable for use in portable equipment running off self-contained batteries operating in the 6-12 volt range.

Body mouldings are made of glass filled polypropylene and an optional mounting bracket is available. Alternatively the pump may be panel-mounted using a single fixing nut. The maker says inlet and outlet connections can be supplied with a variety of miniature pipe fittings including barb connectors for 2, 3 or 4 mm inside diameter tubing or quick action couplings. Weight of the unit is 80 gm.

The supplier is Research Engineers, Orsman Road, Shoreditch, London N1 (01-739 7811).

● RESEARCH

Complex analyses in a flash

"SNAPSHOTS" OF what is happening in a chemical reaction on a time scale of a few billionths of a second can be made by a laser technique developed by IBM scientists.

Far-reaching effects on the understanding of fast-acting chemical events such as combustion in automobile engines, key processes in petroleum refining, and other high-temperature reactions can be expected from its application.

Molecules and fragments of molecules in various energy states taking part in a chemical reaction can be identified by the frquencies of infra-red light they absorb. This standard technique is known as infra-red spectroscopy. In the past, it has not been possible to record a complete infra-red spectrum with a single short laser flash.

This is what the the new IBM technique does. It involves two key advances. *The first is a* method of generating a flash of infra-red light having a broad-uniform range of frequencies which serves as a probe. When this light is passed through the sample, the infrared absorption spectrum of the sample is imprinted on it.

What happens next is the second key step in the technique. The output infrared beam, with the imprinted spectrum, is focused into a chamber filled with potassium vapour. A precisely tuned beam of blue light from an organic dye laser is sent into the chamber at the same time. The two beams of light interact with the potassium atoms in such a way that a large fraction of the energy of the blue light is added to that of the infra-red, *shifting its colour* into the visible.

In this inter action, the spectrum of the infrared beam, which contains the information about the composition of the sample, is virtually unchanged *in shape even though its* energy has been shifted into the visible region. It can however, now be recorded on a photographic plate in a conventional spectrometer.

A broad infra-red spectrum can be recorded in one laser *pulse of about five nanoseconds* duration and this, a major limitation of infra-red spectroscopy resulting from the fact that photographic emulsions are insensitive to light with a wavelength greater than about one micrometer is overcome, since the infra-red spectral region of greatest interest for identifying molecular species is 2 to 20 micrometres.

Experiments so far have covered the region from about 2.5 to 3.7 micrometres, but the technique is believed to be extendible to most of the 2-20 micrometer range with the use of other metal vapours.

IBM, Research Division, POB 218, Yorktown Heights, New *York 10598, US.*

Energy use in buildings

AS PART of a five-country exercise established by the International Energy Agency to look into energy conservation in buildings, the Building Research Unit at the University of Glasgow, under a £230,000 award is to make a major study of the energy consumption and thermal behaviour of the new Collins' (the publisher) office in Bishopbriggs.

Main purpose is to iron out differences that have occurred in the computer predictions made in the participating countries — Belgium, Canada, Switzerland, UK, and the U.S. A first set of comparisons made a year ago showed considerable variations between results obtained from the five programs.

In the building in Glasgow the weather conditions, all the energy flows, and the resultant *environmental conditions in all* the rooms will be measured and recorded for a complete year. The large amount of data collected will then be processed into a form to allow comparison with the various computed estimates.

Ultimate object is to provide architects and engineers with appropriate knowledge and techniques to design energy-conserving buildings.

Surround-sound system

A CROSS-LICENSING agree*ment has been made by* National Research Development Corporation (NRDC) and Nippon Columbia in Japan on the subject of "surround sound" patents.

NRDC is granted licensing rights in respect of patents filed by Nippon Columbia and deriving from its UD-4 disc system.

At the same time the Japanese company has been *granted licenses to manufacture* audio equipment falling within the claims of the NRDC patents. The corporation has for a number of years been financing the development of the Ambi*sonics surround-sound system.* Development has been going on at the universities of Reading and Oxford, supported by IMF Electronics.

NRDC, Nippon Columbia, the BBC and the IBA have been *collaborating for several years* in the development of an improved surround sound system called UHJ, already the basis of some experimental broadcasts in the UK. It is also being "closely considered" by *the Federal Communications* Commission in the U.S. and the European Broadcasting Union, who seek to promulgate industry standards.

● PRINTING

Web offset presses

TWO web-offset printing presses *intended for high quality com*mercial work are being introduced by Crabtree-Vickers of Leeds.

The new presses are to be marketed following joint development between Crabtree-Vickers and the Komine Manufacturing Company of Japan where more than 30 presses of this type are already installed. Earlier this year Crabtree-Vickers entered into a marketing and manufacturing agreement with Komine to establish a world-wide sales and service *distribution network.*

First installation in Europe will be a five-colour press to be installed at Waddington and Ledger of Dewsbury, Yorks, where it will be used to increase production of holiday brochures and mail order catalogues.

The new presses are available in two sizes for up to six colours, printing both sides of the paper. One has a maximum print length of 437 mm. Output from the presses is as 4, 8 or 16 pages.

● LIGHTING

Long-life lamps promise

ENERGY-SAVING family of lighting products which use less electricity and provide longer bulb life are promised by GE (USA).

The new bulbs, GE asserts, embody the first technology with potential for replacing the common household light bulb, a product invented a century ago.

GE *says that commercial,* institutional and other uses for the bulb would extend its use well beyond the home.

Electronic Halarc bulbs will not, however, be available to the public until early 1981.

Developed in GE's lighting business group laboratories in Cleveland, Ohio, Halarc uses metal halide technologies incorporated in the company's Multi-Vapor industrial and commercial line, combined with electronic circuitry contained in its base. This allows it to react instantly to compensate for fluctuations in line voltage.

Designed for an average life of four to five years in normal home use of about 1,000 hours per year, the new bulbs could cost about £5. But because of its much longer average life and more efficient operation, it should save money.

Installing one such bulb in each of Europe's 105m households would provide electrical savings over the average five-year life of the bulb of about 40bn kilowatt-hours.

GE has evaluated several possible technologies as lighting sources for the future. Two others are "SEF" (for Solenoidal Electrodeless *Fluorescent) and "IR" (for* Infra-red). It selected Electronic Halarc for immediate development, however, because it is versatile in its applications and adaptable to a wide variety of bulb sizes and wattages.

The company will have invested more than $20m in an accelerated programme to develop these new light sources as quickly as possible. Further, the company notes it is invest*ing an additional $24m in pro*duction facilities for the Electronic Halarc.

● ACOUSTICS

Intercepts piercing noise

RACAL'S *specialist organisation* on acoustics has launched a *new series of hearing protec*tors, headphones and headsets which will be exhibited for the *first time* at AFCEA 79 exhibition being held in Washington U.S., June 19-21.

Sonovalve III is designed for use in high noise situations where the user may be subject to harmful impulse noise such as gunfire. Its attenuating properties are remarkable—particularly at *low* frequencies. For example, at 63 Hz more than 15 dB attenuation is achieved. This is particularly important for tracked vehicle applications where low frequency noise is predominant.

The *noise-excluding* earshells have a patented acoustic valve which provides hearing protection against high noise levels when closed but allows the wearer to hear ambient noise such as speech, when in the open position. Additionally a patented explosive noise attenuator is incorporated in both earshells. This device responds immediately to explosive sounds when the acuostic valve is in the open position.

Racal Acoustics, Beresford Ave, Wembley, Middx. HA0 1RU.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● PROCESSES

Makes strong pipe-joints without welding

SOLE marketing rights in Europe for a pipe joining process developed in the U.S. — the joints are made without conventional welding—have been obtained by Avon Lippiatt Hobbs.

The joining process called Zap-Lok, is carried out with the aid of a portable hydraulic machine carried on a tractor or, for marine operations, on a pipe lay barge. The process is considered particularly suitable for use in the construction of small pipelines, distribution systems and specialised pipe installations.

In the process, one end of the pipe is expanded or "belled" and the other end is bevelled to facilitate entry into the "bell" and also grooved to provide a reservoir for an epoxy lubricant which acts as a secondary sealant.

Joining of pipes is entirely a mechanical process and is suitable for pipes with diameters ranging from 2 to 12 in. It is claimed the process produces a strong permanent joint which can be used under the same pressure as would be demanded of steel welded lines.

Three models of the Zap-Lok machine are available — the model 8000-12 is for 6, 8, 10 and 12 in pipes; the model 5000 accommodates 2, 2½, 3 and 4 in sizes; and the model 150 is for 1 and 2 in nominal pipe sizes.

Under normal field conditions, says Avon Lippiatt Hobbs, the Zap-Lok operation requires a crew of only six people — two operators for the side boom tractors handling the pipe and carrying the joining unit, the Zap-Lok machine operator, *two* labourers to guide pipe handling and apply the epoxy sealant/lubricant, and a third labourer to remove excess epoxy after the joins have been made.

Cost savings are stated to *vary according to pipe size,* length, and the type of weather and terrain. It is claimed to be substantially more economical than welding, yielding installation costs savings as high as 35 per cent on long-length trunk lines. The installation process is rapid and the company quotes the model 8000-12 Zap-Lok unit which can joint 12 in pipe in 60 seconds or less under normal field conditions.

Full details of this joining process can be obtained from ALH Systems, Westbury, Wilts. BA13 4HW (0373 864744).

● VENTILATION

Air kept on the move

ADOPTION of modern materials and tighter quality control at manufacturing stage have effected the introduction of new styled powered ventilation units from Powrmatic, Winterhay Lane, Ilminster, Somerset (046 05 3535).

Wider choice of five impeller *sizes* enables power ventilation systems to be matched more closely with the volume of air to be handled, thus achieving optimum efficiency, says the company. Impellers are made of polypropylene to give better pressure development.

Major characteristics include the specifying of Class F insulation standard motors fitted on resilent mountings to reduce noise level to a minimum, rectangular bases to facilitate improved flashing, *plus simpler* installation.

Additionally, the Powrvents now have deepened cowls to give improved weathering, while Powrjets incorporate non-corrosive glass fibre shutters.

● ELECTRONICS

Directory of agents

PUBLISHED as a companion volume to the European Electronics Suppliers Guide is a further directory which lists nearly 1,200 firms and agents in 20 countries.

Called the European Electronics Agents Directory, the book is published by C. G. Wedgewood and Company, 14 *King's Road, Wimbledon, London* SW19 8QN (01-540 6224).

Containing 130 pages in A4 format and costing £15, the directory lists the manufacturers and agents, and then the agents themselves, with names of executives. Most areas of electronics are covered.

Display terminals

STARTING PRICES of about £400 have been fixed for the Pentland visual display terminals designed and made by CPU *Peripherals, Copse Road,* St. Johns, Woking GU21 1SX (Woking 73883).

At this price (applicable to OEM quantities), the model 3 offers 64 displayable ASCII characters, 12 baud rates, switchable full or half duplex operation, 62 keys in standard format, and full cursor control. By making full use of LSI circuits, the company claims to have achieved both excellent performance and high reliability.

Model 4, also introduced, has an additional 11 key numeric pad together with line and page scroll, row interchange, two page video memory, 96 *displayable ASCII characters,* and optional displayed control codes.

● COMMUNICATION

Speeds the message on its way

INTELLIGENT communications equipment which offers extended message - handling automation to a company's branch offices and remote locations has been introduced by Plessey Communications and Data Systems.

Particularly suitable for large organisations with many sites, and which demand central control and a variety of jobs, such as data entry message transmission and document preparation the Series 1500 meets many needs.

The controller will run a terminal work station; provide an intelligent operating system *with editing, operator prompt*ing and file-management capability; and interface with other networks. It is compatible with Plessey data-capture equipment and has been designed for both home and international markets.

The system comprises a console display keyboard and terminal, a teleprinter and a disc controller in a terminal work station, and *enables* them to function concurrently, thus eliminating the need for operators to wait for one terminal activity to be completed before another is begun.

Plessey Communications and Data Systems, Poole, Dorset.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

George Bunce on how the agri-industry has learned the lesson of identifying and adapting to changing world trends.

The serious business of real strategic management

ONLY THE best run companies have anything that remotely resembles a sound corporate strategy. Those that do so have no need to broadcast the fact; they demonstrate it in their business performance. Those who do not are either brought into public notice by their indifferent performance or they just gradually drift into maturity and decline.

The reasons for neglect are straightforward. Creating an effective corporate strategy requires hard work and a facing up to new management responsibilities. It is easier to grope towards the future from the concrete reality of current operations than it is to take an Olympian view of future events and try to mould an organisation's actions accordingly. But of course that is exactly what good managers should be doing. Otherwise they are in danger of failing to comprehend events which—although scarcely visible in the current scene and perhaps even outside their existing industrial sector—will probably affect future events in a powerful way.

To produce a corporate strategy there first must be a framework within which the strategic alternatives can be developed. The framework must involve a thorough analysis of the complete environment in which a company operates: first, the world in general as it affects the industry and company, then the industry as it affects the company and finally the capabilities and shortcomings of the company itself. It must also provide for reasoning of opportunities and problems, creative ability, and the intention to develop the propositions into business realities.

Of course, none of this work is a straight line process. It is iterative within each level and between the levels.

There is one common element throughout the whole sequence: what might be called the strategic trends (or "themes"). These are the major influences which will shape the future direction in which the industry is likely to proceed. In the oil industry, for example, supply shortages, price increases and opportunities for improved utilisation of crude point to a trend of increased innovation and modified product profiles to maintain profitability, and to a trend of new opportunities for other fuels.

Identifying the main trends is the difficult part of formulating a corporate strategy, because it is open-ended. No one can ever be certain that he has identified all the factors that will affect a company's situation, although reasonable certainty can be obtained through the systematic analysis of information provided by a sophisticated corporate information network. But the trends should not be cast in concrete. They must be regularly reviewed and up-dated.

Take the agri-business industry as an example. Within agri-business I include all farming activities plus the manufacture and supply of feed, fertiliser, agro-chemicals, veterinary pharmaceuticals, seeds, machinery, commodity trading, and so forth. If we also put the food industry under this umbrella we come up with a very large world-wide agricultural-industrial operation with many ancillary industries closely associated with it.

Trends

The principal trends that emerge from analysis of this sector are shown in the "Agri-business puzzle" table. The key theme running through all this seems to me to be the intensification of production and integration of activities. Other observers might draw other conclusions but, if, for the sake of argument, we accept my theme we then need to see how a corporate strategy could be derived from it.

First, we should note that the extent of intensification and integration will vary between sectors in these industries, both in terms of rate of change and the level of activity. Also, intensification and integration will interact upon each other throughout the whole system. And there will be periods of incoherence in these developments when one or more parts of the total system are out of phase with other parts. These will be blips on the long term trends.

Next we must work out how the overall theme will be affected by the various related trends. In this situation the most important will be technology, fluctuating commodity prices, economic, political, social and management trends. These heavily influence the potential profitability which could be achieved. I will not spell all these out but, for instance, as regards technology, it will be necessary to examine various possibilities: the extension of existing technologies to meet changed circumstances, new technologies that are likely to arise from within the agri-business sphere, and new technologies that may be developed in industries far outside agri-business but with future application within it.

The very nature of the agri-business chain guarantees that even small local activities will frequently be influenced by events in other countries. A company needs to analyse its own industry and the world environment in which it operates to clarify the complex range of interacting factors. This is essential for a common understanding within the company of what influences current and future trends. Without this there can be little hope for commitment to a corporate strategy. With a common understanding, the company can relate its strengths and weaknesses to those of the industry, and formulate its plans and actions

Any company would have to example a wide range of trends. Examples relevant to an agro-chemicals group are shown in Table I.

A company's managerial capabilities would also need rigorous examination. Does it have not only the vision to perceive the evolution of strategic trends, but also the courage and integrity to take a positive stance towards change, and the objectivity for thorough analysis and appraisal? Does it also have the creative flair to identify and develop new business opportunities as well as maintaining its present base, and the capability to translate its analyses into trends, objectives, plans, actions and results?

TABLE I—AGRO-CHEMICALS: SOME INFLUENTIAL TRENDS

- Changing crop production methods.
- Changing crop yields.
- Incidence of crop damage.
- Plant breeders' new crop varieties.
- Progress of genetic engineering in plant breeding.
- Crop surpluses and geographic imbalance in supply and demand.
- Capability of developed countries to continue to subsidise agricultural production and exports.
- Excess or deficit production capacities in crop protection manufacturing.
- Changing patterns of trade between primary producers, blenders and distributors.
- Expansive intentions of U.S., European and Japanese co-operatives.
- Expiry of patents.
- Increasing R and D costs, including safety and environmental protection

Almost any agro-chemical company examining the world scene could reasonably conclude that future demand for the industry's products could be strong. But effective demand, as opposed to the theoretical potential, will remain relatively weak in those parts of the world where the need is greatest—the developing countries. Further, in developed countries demand could be constrained, at least temporarily, as financial support for agricultural products are reduced in real terms. Also, the costs to develop and produce new products will increase, while excess production capacity and expiration of patent protection will lead to more intensive competition.

Feasible

In these circumstances, the case for general expansion of production capacities by the industry would be frail, but a case for selective expansion in some product sectors could be feasible. Some sound objectives for the industry might be: closer integration with seed breeding; rationalisation within the industry between producers, blenders and distributors; new structures and methods to expand markets in developing countries; continued and enhanced liaison with governments and organisations concerned with safety and environmental subjects; re-direction of R and D to new innovative thrusts.

In this examination of corporate strategy I have suggested that a new dimension is necessary: a wider subject base, structural analysis of qualitative as well as quantitative characteristics, development of themes and objectives to precede detailed plans, and description of the boundaries within which the company will operate. This work should not be confined to the company's existing industry — though it must first be sure that its current base is secure.

When a company begins to question staying solely in its present industry, and questions the basis and relevance of its managerial practices, it takes the first steps towards what might be called "strategic management" — the management of change. The move could lead to significant changes in the corporate investment portfolio, or it could confirm the wisdom of continuing with current policies within a new perspective of developments in its industry.

Successful management of change requires the explicit endeavour to modify the managerial stance of a company so that it can attempt to foresee all relevant opportunities for potential business activity, and to invest in those which survive the rigours of its strategic analysis and evaluation.

It requires management of change through all levels of the organisation—remembering that people are its most vital resource and that success depends on their positive participation. This requires motivation through leadership. In turn, this depends on building knowledge and understanding through communication. The key to improved communication is through improved management and use of business information—the second crucial resource of any business. Managers manage with information and through people—there is no other way.

A Unilever manager since 1955, George Bunce was responsible for the strategic development of agri-business within Unilever from 1973 until earlier this year. He is now a freelance consultant specialising in strategic management and business information, working closely with Focus on Information Ltd., at 186, Westcombe Hill, Blackheath, London SE3 7DH (01-852 6098).

THE AGRI-BUSINESS PUZZLE

IDENTIFYING THE UNDERLYING STRATEGIC "THEME"

Principal trends in all countries, developed and developing:

- 30% of world's population produce 80% of livestock products.
- At current nutritional levels, there is not so much a world shortage of food as an imbalance in purchasing power and distribution—this creates a food shortage in the poor and underprivileged countries.
- Food prices are politically sensitive in most developed countries, where demands for consumers' expenditure are many and competitive.
- Many developed countries have surpluses of various products, and price support systems which ensure their continuation.
- Farmers seek to increase output, mainly through higher yields of arable crops or improved food conversion in animal production.
- Suppliers of products to agriculture seek ways to increase productivity of their own production, as well as productivity of their products used by farmers.
- Agri-supply, food processing and retailing structures are changing, with both forward and backward integration.

UNDERLYING "THEME"

- Intensification of production and integration of activities.

Forecasts and plans

A LEADING cigarette manufacturer employed one of the world's most reliable computerised forecasting techniques to help plan its production and marketing operations. For most of the time, its forecasts were reasonably accurate, but every 13th month they went wildly wrong.

This "baker's dozen problem" recurred mysteriously for several years, until someone realised it had first arisen after the Government had, unusually, presented two Budgets with 13 months between them. What the highly sophisticated system had done, of course, was to interpret the two pre-Budget buying sprees as a rather strange form of seasonal cycle, and project them forward.

This supposedly true story, told at an aptly titled seminar at Imperial College, London, on "Forecasting: art or science?" epitomises the often-ignored principle that all forecasts — indeed, all calculations — are crucially dependent on the assumptions on which they are based. Put more crudely, it illustrates the difference between *data* and *information* (that is, useful data) which is so implicit to Mr. Bunce's argument above.

The anecdote also underlines the fundamental difference between forecasting and planning. The two are far from identical, as will be emphasised by a series of articles on planning which wil be launched on this page in the next fortnight. The series will look, in layman's terms, at the chequered history of planning, and will also examine how several very different companies are trying to plan their future in an age of unprecedented uncertainty.

Company chief honoured for getting hands dirty

IF ONLY more of the barons of British industry were as prepared as Jeremy Fry to get their hands dirty (or wet—read on for explanation)!

Over the last 12 years Fry has built the Rotork group of engineering companies—of which he is chairman—into a profitable enterprise with four subsidiaries and worldwide sales of £19m.

The average company chairman in Fry's busy position would delegate the entire responsibility for designing new products, especially if, like Fry, he were not an engineer.

Yet Fry has just won Britain's premier prize for design: the Duke of Edinburgh's annual Designer's Prize. And not just because one of the companies in his stable, Rotork Marine, has designed a prizewinning "Sea Truck," for fast movement of freight or passengers across shallow waters.

The unusual nature of Fry's achievement is that he actually had a considerable hand in the design process himself, conceiving the basic idea for the ship's hull while on a family holiday at the seaside. The sight of a group of water skiers set him thinking about how the design principles which enabled the skier to emerge from the water could be applied to a self-powered craft.

The eventual result of his company's collaboration with an independent design consultancy, paradoxically called Smallfry, was a shallow draft boat with unusual speed and stability.

For the technically-minded, the basic principles of the Sea Truck are these: As the craft moves forward under increasing power, air becomes trapped between chines which run the full length of the underside of the deck. A turbulent mixture of air and water is held between the outer chines moulded in the hull, and this effectively reduces the friction between the hull and the water to allow a performance which is claimed to be unequalled by any other shallow draft craft of a similar type.

The hydrodynamic design of the hull minimises wash from the craft which, with appropriate power units, is capable of speeds exceeding 30 knots. Even with a full payload of about 5 tonnes, the Sea Truck is still capable of 25 knots when suitably powered. Unlike most other shallow draft craft intended for sheltered inshore and inland waterway use, it does not "slam" even in rough water conditions.

C.L.

LOMBARD

Where Britain is lagging

BY ANATOLE KALETSKY

MANY A British traveller who has tried to cash a cheque in Italy, or to catch a train in America, or to register with the police in Germany or to understand the mentality of a French peasant farmer, is struck by the contrast between Britain's relative industrial backwardness and the s' eamlined efficiency of many of its services, its agriculture and even its government.

Why do foreign industrialists outclass Britain's when they so frequently have an inefficient shambles in their own backyards? And why is it that Britain cannot manage its manufacturing industries when it can organise the other parts of its society comparatively well?

Entrenched

One reason is that many of Britain's competitors actually benefit from the unproductive skeletons in their economic cupboards, while Britain is singularly unfortunate in where its inefficiency is stuck. It is not just that inefficient distribution and huge retail margins in Japan keep imports out, or that France's current account benefits from the Common Agricultural Policy. Most successful economies have reservoirs of inefficiency which take the pressure of overmanning off their highly productive manufacturing industries. But in Britain manufacturing is the sector in which overmanning is most entrenched.

This is a misfortune not because of some semi-mystical belief that all wealth springs ultimately from manufacturing, but simply because manufactured products are freely traded internationally, unlike the products of government, retailing, most services and agriculture. So manufacturing is the one sector where overmanning and low productivity really hurt. Britain's low manufacturing productivity has led to chronic trade deficits and falling relative living standards over the past 20 years and could, now that non-manufactured oil exports will be propping up the currency, lead to a collapse of manufacturing altogether.

The consequences of low productivity in other economic sectors are far less dire. Consumers pay more for some of their services or agricultural products, but foreign competition does not pose the threat of general economic ruin. Industrial workers, who are footing the bill for other sectors' inefficiency, do not grumble too much, partly because of the agreeable "external effects" which inefficiency can produce. The delicious food and unspoilt countryside of southern France would not have survived under capital intensive agriculture. The ancient apothecaries' shops in Germany or the local artisans in Italy offer services and preserve a medieval atmosphere that cost-effective brashness has swept away in Britain's high streets. In America, telephones are answered in seconds rather than minutes by unharassed operators, which can only mean that, by British standards, their switchboards are overmanned.

Peasant farmers accept comparatively low living standards in exchange for the privilege of tilling their great-grandfathers' patches of land. But industrial overmanning fosters wage-push inflation, restrictive practices and a Luddite trade union movertent. The need to transform damaging industrial overmanning into an innocuous form of underemployment underlies the current craze for small business in Britain. But small firms are only one possible reservoir for the labour which has to be displaced as large-scale manufacturing industry tries to gear up its productivity to international standards.

Service industries, despite microprocessors, hold out the best hopes, because in the service sector the quality of the product is normally improved by the employment of more people in itself.

Resist

Government is the refuge for surplus labour most favoured by politicians, both in Britain and abroad, when unemployment figures force their hands. But Mrs. Thatcher is determined to resist this temptation. It is certainly arguable that the employment of more bureaucrats automatically reduces the quality of life for everyone else. But is this also true of teachers, nurses and policemen? At the moment the need for fiscal stringency makes that question almost irrelevant. But when the time comes to expand the economy, Mrs. Thatcher should remember that overmanning in government may be bad, but overmanning in manufacturing industry is worse.

Investment life ends for 1969 claret

WINE

BY EDMUND PENNING-ROWSELL

UNDER the "ten-year" rule of abstinence recommended before fine clarets of a good year are considered ready to drink and pronounce on, the 1969s have still a few months to run. However 1969 cannot be considered a very successful Bordeaux vintage, in spite of the enthusiasm and rising prices with which it was greeted; and one unlikely to improve further. So a tasting of the seven first-growths was arranged over a dinner.

The circumstances surrounding the vintage are worth recalling. After the moderate 1967s came the disastrous 1968s, and, therefore, a fine 1969 was keenly needed. The summer was good, indeed in part very hot, which always leads to predictions of a great vintage, although excessive heat can lead to flabby, acid-short wines. Further, it is the late-summer and vintage-period weather that counts most, and in 1969 the rainfall in August and September was very heavy, scarcely less than in the previous year and the equally bad 1965. Yet the vintage began on time in the last week of September, and the weather remained fine. However the red Bordeaux crop of only 900,000 hectolitres (hl) was the smallest since 1961.

At this time began the heavy investment-in-wine boom that swelled until 1973, with claret being bought as a hedge against inflation. So the 1969 opening prices rose sharply, particularly the first-growths, always in the forefront of any speculation.

Whereas in 1967 the *premiers crus* had varied from FFr 27,000 a *tonneau* (Lafite and Mouton-Rothschild) to FFr 19,000-15,300 (Latour and Margaux), for the 1969s the first pair opened at FFr 70,000 while the others ranged from FFr 48,000 (Latour, Haut-Brion and Pétrus) to FFr 35,000-32,000 (Margaux and Cheval-Blanc): and in an atmosphere of rising optimism, they sold without much difficulty in the spring of 1970.

It was at that point that I personally sampled a very large range of the 1969 clarets at a tasting held in London to celebrate the centenary of the Messrs. Rigby and Evens, British agency of the Bordeaux house of Eschenauer. I clearly remembered being very disappointed with the colour and lack of body and fruit of nearly all the wines.

Those unsold a year later were soon overshadowed by the 1970s, of which a then record 2m hl were produced, and of a far superior quality. Curiously enough their opening prices were lower, with Lafite at FFr 59,000 and the others around FFr 40,000. However, as the investment to speculation boom took over, these initial prices were soon increased.

Yet unlike '63, '65 and '68, '69 is not a vintage that has been written off. So a dinner was arranged, attended by two members of the wine trade, one a leading Master of Wine, their wives, well accustomed to drink fine claret, my wife and myself.

The wines included the four Médoc *premiers crus:* Lafite, Latour, Margaux and Mouton-Rothschild; and the three others: Haut-Brion, Cheval-Blanc and Pétrus, though the last-named is not officially classified. All were poured at least 1½ hours before into decanters and then stoppered. The wines were served in pairs except for Lafite, which followed the first couple. It is never easy to decide on the order, since Haut-Brion from the Graves is distinct in style, while Cheval-Blanc and Pétrus, produced mainly from the Merlot grape rather than the Cabernet-Sauvignon, are much fuller and often sweeter. However, the sequence was arranged as below, and it was agreed to mark them from seven to one, in declining order of quality. The notes are my own, made at the table, but reinforced with those of the other tasters. If the overall impression given is one of adverse criticism, the nondescript quality of the vintage as a whole must be borne in mind.

Margaux. Medium colour and fairly elegant nose, but with a flavour not following through, lacking in fruit and ending rather edgy and stringy. Others found the nose elegant, but some thought it harsh or lacking, and all agreed that the flavour was either unknit, light, or slightly sour and harsh.

Haut-Brion. Medium colour. Typical Graves "bricky" nose, flavour rather flat at first, but developed *well in the glass.* A typical Graves. The bouquet was generally judged good: "ripe," "fresh and clean." On the palate it was considered "well-made," "earthy, firm but not exciting," "good style without great depth." In short a fair but not outstanding glass of claret.

Lafite. Fair colour, best nose yet and distinguished. Fruity for year, and developed well in glass: a wine of real class and true Médoc style. Others noted the aroma as "ethereal and fragrant," "slightly unbalanced and suggesting an older wine." Although opinions varied on the flavour from "showing age on palate, but has faint but fine flavour" to "dry, *fragrant, light* but exciting: developed miraculously in the glass," and "round, pleasant, long, classic." The wine was thus generally approved.

Mouton-Rothschild. Biggest colour yet, rather "green" aroma, but good flavour and more body than preceding three, but perhaps a little clumsy. There was unanimous agreement on the colour, but less on the flavour. One found it "more drinkable than the others," but another wrote "green, with peppery finish and showing some acidity." "more bulk than finesse" was a third comment, and "rather pale in taste" was a fourth.

Latour. Decidedly big colour. Initially little nose, and then rather immature. Lacking charm and roundness on the palate; a rather dull, "ungrateful" wine. The fine deep colour was noted by all, but both nose and flavour generally disappointed: "dry, full and big, but rather austere"; "full, earthy, deep, slightly crude but tough"; and "not very full of flavour."

Cheval-Blanc. Brown tinge. Curious sweet-sour aroma. Flavour sweetish but undistinguished, with distinct chaptalised (sugared) taste. One note was "broad yet volatile nose," another, "chunky flavour spoiled by twist of acidity at end," and "rather raw on the palate." Disappointment was general with this wine that might have been expected to show comparatively fruitiness in such a year, as did the following wine.

Pétrus. More colour than Cheval-Blanc. Lovely scented nose, with the concentrated taste typical of Pomerol, but with some chaptalisation flavour. Other remarks included "velvety, fragrant nose"; "the fattest wine"; and "not as exciting as Lafite but better balanced." Two others wrote "rather bitter on after-taste, but scented, full," and "disappointing in depth but obvious in flavour." The wine was generally liked, save by one of the women tasters who found it blousy.

The order of preference can be deduced from the marks given: Lafite (42), Pétrus (34), Haut-Brion (27), Latour (21), Mouton-Rothschild (20), Cheval-Blanc (18) and Margaux (8). As will be seen, Lafite was given the top mark of seven throughout, Margaux the bottom one of one. The male tasters were more enthusiastic over the Pétrus than the female, one of whom marked it only four. In my view, the preference largely depended on a matter of taste between Médoc and Pomerol.

As must always be warned on these occasions, the views were based on single bottles of each wine, and these can vary considerably even when comparatively young. All were from my cellar except for the Cheval-Blanc for which the firm of Laurence Hayward kindly broke a dozen case. The main conclusion to be drawn is that even the top 1969s have little more to offer, and any owners of clarets of this vintage would be well advised to drink them up without much delay. A further comment might be that investors scarcely picked a winner, and *caveat emptor* still applies in Bordeaux.

Ascot going may suit Carelko

RACING

BY DOMINIC WIGAN

A YEAR AGO Royal Ascot got off to a totally unexepected start when Radetzky had nearly everyone turning to his card as he passed the post the 25-1 winner of the Queen Anne Stakes. It could well be that Carelko will follow suit today.

In the one-mile Rathmines Stakes on soft ground at Leopardstown early last month Carelko just held on from Ardaluam after coming to the end of his tether close to home.

It was the same inability truly to get a mile on anything but good ground which proved his downfall in the Kilruddy Stakes on the same course just over two weeks ago. Trying to make all the running on ground less testing but still softish, Carelko looked all set for a repeat performance until giving way close home to the strong-finishing La Samanna.

With the course drying out and the possibility of the fast ground on which he beat Yeats by three lengths at the Curragh last season despite missing the break, Carelko has clear prospects of causing a surprise.

Although the Queen Anne Stakes has proved something of a minefield for backers in recent seasons, a heavily supported runner has usually landed the following event, the Prince of Wales Stakes. This year should prove no exception for Lyphard's Wish has every right to favouritism following his bold show in the Derby. But for lack of stamina finding him out on the climb to the finish at Epsom, Lyphard's Wish would, I feel sure, have bustled up Dickens Hill in the scramble for second prize.

With a quarter of a mile less to travel here and Swiss Maid an absentee, Lyphard's Wish can get back on the winning trail with a fluent victory over Boitron's stablemate, Pevero.

There is no better bred colt in the Coventry Stakes than London Bells and I hope to see this bay by Nijinsky out of Shake A Leg making it third time lucky. Equipped with blinkers following a short-head defeat by Jay Bird at Leopardstown, where he was sent to post the 100-30 on favourite, London Bells can confirm his sparkling homework with a comfortable victory. Of the home-trained contingent Varingo looks a better proposition than Kellord or Final Straw.

For anyone requiring a "getting out" bet Young Generation strikes me as a reasonably safe proposition for the St. James's Palace Stakes.

ROYAL ASCOT
2.30—Carelko*
3.05—Lyphard's Wish
3.45—Matinale
4.20—London Bells**
4.55—Expansive
5.30—Young Generation***

EDINBURGH
2.15—Gracious Manner
2.45—Madame Decoy
3.15—Principality
3.45—Lady Whitefoot

TV Radio

† Indicates programmes in black and white.

BBC 1

6.40-7.55 am Open University (uhf only). 9.10 Schools. 1.15 pm News. 1.30 The Flumps. 2.00 You and Me. 2.40 Schools. 4.20 Play School. 4.45 Hunter's Gold. 5.10 Ask Aspel. 5.35 Fred Basset. 5.40 News.
5.55 Nationwide (London and South-east).
6.20 Nationwide.
6.55 Driver of the Year.
7.25 Centennial.
9.00 News.
9.25 I Didn't Know You Cared.
9.55 The Show Jumping Business.
10.45 Tonight.
11.25 Multi-Racial Britain.
11.55-12.00 Weather / Regional News.

All regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 6.55-7.25 Driver of the Year.

Wales—4.45-5.10 pm Lladron Donaw. 5.55-6.20 Wales Today. 6.20-6.30 Tom and Jerry. 6.30-6.55 Heddiw. 6.55-7.25 Driver of the Year.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.25 Driver of the Year.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.30 It's a Great Life—If You Don't Weaken.
11.00-11.25 Play School.
2.00 pm *Royal Ascot—the 2.30, 3.5, 3.45 and 4.20 races.*
4.50 Open University.
6.55 The U.S. Open Golf Championship, from Toledo, Ohio.
7.35 News.
7.45 Tennis to Win.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 Man Alive Special.
10.35 Top Gear.
11.05 News.
11.15 Barry Manilow.
12.05-12.15 am Closedown.

LONDON

9.30 am Schools. 11.55 Sinbad Junior Cartoon. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News. 1.20 *Thames News. 1.30 Crown Court.* 2.00 The National Gallery. 2.30 Film: Tyrone Power in "The Black Swan." 4.20 Runaround. 4.45 Words on War. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at Six.
6.25 Help!
6.35 Crossroads.
7.00 What's on Next?
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 Rumpole of the Bailey.
10.00 News.
10.30 Camera.
11.00 Mavis.
11.30 Barnaby Jones.
12.25 am Close.

All IBA regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.30 This Year, Next Year. 3.25 Out of Town. 3.55 Friends of Man. 6.00 About Anglia. 6.35 Crossroads. 7.00 Enterprise. 7.30 *TV film: Get Christie Love!* starring Teresa Graves. 10.30 Camera. 11.00 The Entertainers. 11.30 Sidestreet. 12.30 am Themes.

ATV

12.30 pm The Entertainers. 1.20 ATV Newsdesk. 2.30 Film: Only Two Can Play, starring Peter Sellers. 5.15 Gambit. 6.00 ATV Today. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Film: Force Five, starring Gerald Gordon. 8.50 Special Edition. 10.30 Camera. 11.00 The Outsiders. 12.00 Tuesday Jazz.

BORDER

1.20 pm Border News. 2.28 This Year, Next Year. 3.20 Sygones. 3.50 Untamed World. 5.15 Out of Town. 6.00 Lookaround. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 McMillan. 10.30 Camera. 11.00 Mannix. 12.00 Border News.

CHANNEL

1.20 pm Channel News. 2.30 This Year, Next Year. 3.25 Oh No It's Selwyn Froggitt. 3.50 The Electric Theatre Show. 5.15 Stars on Ice. 6.00 Report at Six. 6.35 Crossroads. 7.00 Survival. 7.30 Thundercloud. 8.00 Fantasy Island. 10.28 Channel News. 10.32 Camera. 11.00 Twist in the Tale. 11.55 Police Surgeon. 12.20 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 Grampian News. 2.30 This Year, Next Year. 3.25 Laverne and Shirley. 3.50 The Royal Highland Show. 5.15 Gambit. 6.00 Grampian Today. 6.05 Out of Town. 6.35 Crossroads. 8.00 Streets of San Francisco. 10.30 Camera. 11.30 Reflections. 11.35 Power Without Glory. 12.30 am Grampian Headlines.

GRANADA

1.20 pm Cartoon. 2.30 This Year, Next Year. 3.25 The Story of Wine. 3.50 Gambit. 5.10 Captain Nemo. 5.15 Crossroads. 6.00 *Granada Reports.* 6.35 Emmerdale Farm. 7.05 University Challenge. 7.35 Film: Dick Van Dyke in "The Morning After." 10.30 Camera. 11.00-12.40 am Film: Humphrey Bogart in "The Enforcer."

HTV

1.20 pm *Report West.* 1.25 *Report Wales.* †2.30 *Man in the Moon (film)* with Kenneth Moore. 5.15 Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.00 Definition. 7.30 Street Killing (TV film) with Andy Griffiths. 10.30 Camera. 11.30 Westside Medical.

HTV Cymru/Wales — As HTV General Service except: 1.20-1.25 Penawdau Newyddion. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 6.30-7.00 The Quiet Ways of Wales. 10.30-11.25 Bywyd. 11.25-11.55 World in Action. 11.55-12.25 The Squirrels.

HTV West — As HTV General Service except: 1.20-1.30 Report West. 6.15-6.30 Report West.

SCOTTISH

1.25 News and Road and Weather. 2.30 The Family. 3.20 Home and School. 3.50 The Royal Highland Show. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 *Man Hunter (TV film) with Ken Howard.* 10.30 Camera. 11.00 Late Call. 11.05 Pro-Celebrity Darts. 11.35 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.30 This Year, Next Year. 3.25 Stars on Ice. 3.50 The Rolf Harris Show. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Columbo. 10.30 Camera. 11.00 Southern News. 11.10 Mannix.

ULSTER

1.20 pm Lunchtime. 2.28 Film: "Desperate Mission," with Ricardo Montalban. 4.18 Ulster News. 5.15 Cartoon. 5.20 Crossroads. 6.00 Ulster News. 6.15 Milestones or Millstones. 6.30 Alright Now. 7.00 Emmerdale Farm. 7.30 Film: "The Body Stealers," with George Sanders. 10.30 Camera. 11.00 The Stardust Man. 11.45 Bedtime.

WESTWARD

12.27 pm Gus Honeybun. 1.20 Westward News. 2.30 This Year, Next Year. 3.25 Oh No It's Selwyn Froggitt. 3.50 The Electric Theatre Show. 5.15 Stars on Ice. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Survival. 8.00 Fantasy Island. 10.28 Westward News. 10.32 Camera. 11.00 Twist in the Tale. 11.55 Police Surgeon. 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 2.30 This Year, Next Year. 3.25 Calendar Tuesday. 3.50 Stars on Ice. 5.15 Little Vic. 6.00 Calendar. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Flying High (film). 10.30 Camera. 11.00 Side Street. 12.00 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary; Weather. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Derek Hobson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 Ray Moore (S). Racing from Royal Ascot at 3.05, 3.45 and 4.20. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) *including Racing from Royal Ascot* at 5.30 and 5.45. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Sports Desk. 7.33 Folk '79 (S). 8.02 Nordring Festival 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 *Overture* (S). 8.00 News. 8.05 Overture (S). 9.00 News. 9.05 This Week's Composer: Milhaud (S). 9.55 20th Century Music for two Pianos (S) Recital, part 1: Debussy, Legeti. 10.35 In Short. 10.45 Two Pianos (S) part 2: Smalley. 11.35 Anthony Rodero (S) Song recital. 12.05 pm Midday Concert (S), part 1: Mendelssohn, Schubert. 1.00 News. 1.05 The Arts Worldwide. 1.20 Midday Concert (S) part 2: Vaughan Williams. 2.15 Welsh National Opera Chorale (S) Concert. 3.00 Viola and Piano (S). 3.40 Czech Philharmonic Orchestra (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 A Musical Ramble (S). 7.30 Llandaff Festival 1979 (S) Concert, part 1: Beethoven. 8.20 Freud in France. 8.40 Llandaff Festival (S) part 2: Brahms. 9.35 *The Human Predicament.* 10.50 Frank Martin's Mass (S). 11.20 Building a Library (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Service. 10.45 Story. 11.00 *Thirty-Minute Theatre.* 11.30 A Sideways Look At . . . 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 *News.* 2.02 *Woman's Hour.* 3.00 News. 3.05 Plays on 4. 3.10 Questions to the Prime Minister. 3.35 The Adventures of Harry Richmond (S). 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 The Countryside in Summer. 8.45 So Simple a Thing as the Sun. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lines from my Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 Join Radio 2.

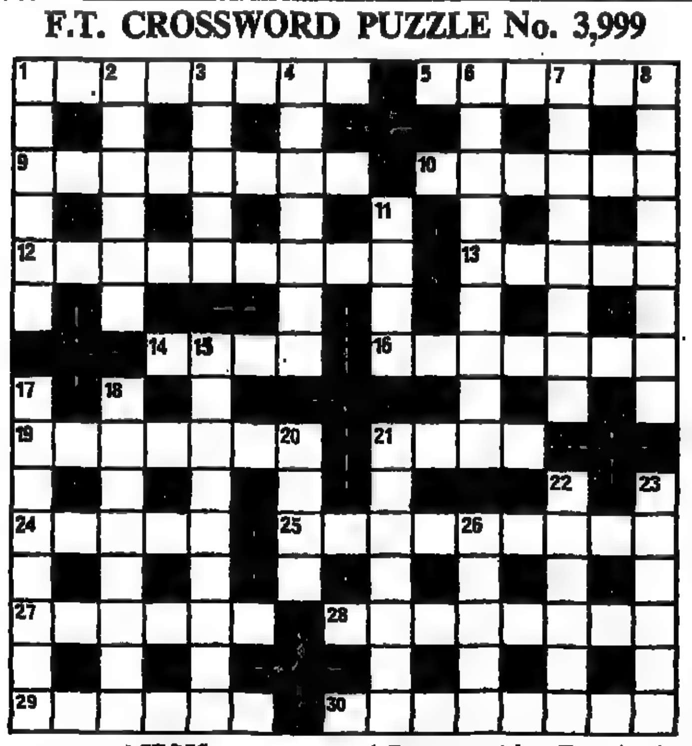
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,999



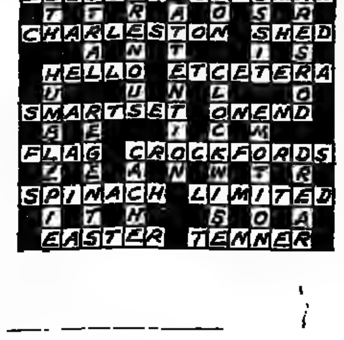
ACROSS

1 Scene of a girl between her parents (8)
5 Engineers a hint of deliverance (6)
9 Communist annoyed with world-wide organisation (3, 5)
10 Stew in second rate lift (6)
12 Involved with complication in the finish (9)
13 Custom-made garment (5)
14 The game is over—have tea with a friend (4)
16 Exercised when there was precipitation after the start (7)
19 It comments when leading (7)
21 Acted with love for an ancient queen (4)
24 Object to a doctor taking in a bird (5)
25 Non-conductor possibly ruins a lot (9)
27 Beginner that is after a castle (6)
28 A mean stock behind which we must serve (8)
29 Taking a trip in part of Yorkshire (6)
30 The final courses return with emphasis (8)

DOWN

1 One who carries the drink (6)
2 Altogether a recent tune we hear (6)
3 This gives us a second chance to see the action (2-3)
4 Doctors get her French wine (7)
6 Draw up with change of heart—it's the way of gravity (9)
7 Confining crooner with a key (8)
8 Smooth flow at close of day (8)
11 The opening period must have it (4)
15 Agreement with one on an instrument of harmony (9)
17 "I am that merry —— of the night" (MND) (8)
18 The bridge for pensioners (8)
20 Put out on the rising tide (4)
21 Aloof—can *you stand it?* (7)
22 The way up for one among the leading performers (6)
23 Intimate finish to the day (6)
26 A lord in Belgium (5)

Solution to Puzzle No. 3,998



ENTERTAINMENT GUIDE

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COVENT GARDEN.

GLYNDEBOURNE.

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COMEDY THEATRE.

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FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evgs. 8.00. (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATH TRAP "THREE CHEERS FOR TWO HOURS

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. BILL PATERSON in WHOSE LIFE IS IT ANYWAY? by BRIAN CLARK "A MOMENTOUS PLAY. I URGE YOU TO SEE IT. IT STIRS THE HEART AND ACTIVATES THE MIND LIKE NOTHING ELSE IN LONDON." Guardian WHOSE LIFE IS IT ANYWAY? "IS A BLAZING LIGHT IN THE SEASON." N.Y. Times. WHOSE LIFE IS IT ANYWAY? "I HAVE RARELY FELT SO GRIPPED. MY ATTENTION HAS NEVER WANDERED LESS. AND I HAVE NEVER FELT SO CONSCIOUS THAT EVERYONE IN THE HOUSE WAS REACTING AS I WAS."

CINEMAS

مكتبة المنار الإسلامية

THE ARTS

Stratford, Ontario—1

Love's Labour's Lost/Henry IV

by B. A. YOUNG

Love's Labour's Lost, the first production in the big theatre at this year's Stratford festival, is Robin Phillips's only new work in the first month's programme, and even this he shares with his literary adviser, Urjo Karedo. It looks characteristically lovely under the spreading golden willow tree at the centre of Daphne Dare's set, where the young men-about-court of Navarre lie in the sun while their shirts dry on the fence. It is more like Swift's Laputa than a little Academe. The period flirts with late Victorian fashion but remains concordant with a curly-horned gramophone (on which Marcade plays a gopak for the "Muscovites" to dance to) and a SMLE rifle (under whose not very threatening menace Costard is marched away to serve a month on bran and water).

The mood is casual-romantic; even the magical conclusion is softened — mistakenly to my mind—to blunt the sharp incursion of reality into the festive air. Alan Scarfe's King could move into the world of *The Vagabond King* if only his minions would stop lounging around in their braces.

I saw this production twice, because the first performance (in the presence of the Governor General) seemed to me improbably below the standard of Stratford theatre, which is normally as high as anywhere I have been. I am glad I did, even though I missed a *Richard II* at the Avon, Stratford's smaller house, for the second time a new relaxation had fallen on the company, the gabbled speech was properly spoken, the whole thing had taken on a new life.

There are some choice performances. The Princess of France is played by Martha Henry, an actress it is always worth flying 3,000 miles to see, even in a DC-10. She is ravishingly beautiful under an auburn wig, and the firm commonsense she puts into her lines never damps the romance. Domini Blythe is her Rosaline, in a performance full of mischief through which you can descry Shakespeare's cheeky boy actor with his pitch-ball eyes.

On the Navarrese side, she is well matched with Richard Monette's Berowne, whose understated wit gives promise of a notable Benedick one day. For Berowne, a slightly more evident sense of humour would not do any harm, all the same, and I could wish Mr. Monette a more legato line in the long speeches. In this season, with no international stars, the permanent company takes the light more brightly, and Mr. Monette, who also plays Prince Hal and is to play Edmund in *King Lear* later in the year, serves it uncommonly well.

It's my misfortune, but I can't find the polysyllabic jokes of Armado and Holofernes as funny as they doubless seemed when they were topical references. (*Love's Labour's Lost* is Shakespeare's *That Was the Week, That Was.*) It is a truly Shakespearean joke, however, to have Max Helpmann give Holofernes in the likeness of Robertson Davies, Ontarios G. K. Chesterton.

Armado is played by Frank Maraden, an actor of immense height and negligible girth, who looks wonderfully absurd in his cocked hat and tight uniform coat, yet suggests under his absurdity that he has indeed been a reputable Spanish officer of some kind. It's a pity in a way to cast Richard McMillan, an actor almost as tall, to play Costard, but he fits the part like a glove, a gauntlet perhaps (and only varies it a little when his name is changed to Francis in *Henry IV*). Would the King and the Princess, or even the Don, really let him talk to them with his hands in his pockets, though?

No one ever seems sure who should speak the closing lines about the words of Mercury and the songs of Apollo. Phillips and Kareda give them to the King, and they deny him the final words: "You that way, we this way," which always seem to me so astonishing and so vital. But this scene has been drained of its usual character. As soon as Marcade announces the news of the French king's death, the peasants slope off and the aristocracy alone remain. Details of parting and retribution having been settled, the countryfolk return and the owl and the cuckoo songs are sung.

They are sung in the guise of Victorian ballads by Gerald Isaac, who earlier has been an adult Moth to Armado, and I don't grudge him the opportunity to show his voice, even though it doesn't please me much, since earlier, when Armado has repeatedly urged him "Warble, boy," he just gets to hum a tune to himself. But those sentimental songs set by Berthold Carrière spoil the picture for me.

The repertoire in the main Festival Theatre is completed in this first month by both parts of *Henry IV* in an outstanding production under Peter Moss. The production is conventional, you might say conservative, given that it is played on a thrust stage with the audience on three sides of it. When the battles come, there are companies of soldiers to fight them, clashing their swords and never retreating into strobe lights and slow motion as the tendency is among our own companies, starved of enough cannon-fodder for a proper conflict. In this production there are 59 players, if my estimate is right, lots of them doubling several parts. Yet it is not played simply to look "impressive."

Alan Scarfe and Martha Henry

The willow-tree is gone, to be replaced by an inner pavilion with a useful balcony on top (notably effective when Rumour (John Wojda), not "painted full of tongues," but black-clad like Dracula, appears there as if to confirm that what he foretold is actually happening). The back walls of the theatre frown under Michael J. Whitfield's sensitive lighting. It is never bright day in this age of conflict.

Douglas Rain gives a fine Henry, a man tormented by his conscience, relapsing now and then from the angry defence of his uncertain throne into another weary promise of a pilgrimage to the Holy Land. He speaks the lines with a rare combination of poetry and everyday good sense. (All the speaking in this production is very good.) The death scene in *Part II* is most sensitive; and at his bedside his unthrifty son Hal comes magically of age as Richard Monette, after trying on the crown, decides almost visibly to turn from a drop-out into a monarch. While he was the drop-out I wished, as I had with Berowne, that there was a little more mischief in his make-up when he plans and executes all those ill-natured jokes. (Hal, even as a monarch, is by no means my favourite character.)

As his rival Henry, Henry ("Hotspur") Percy, there is a handsome performance by Stephen Russell, a big, outdoors-looking player; his unwillingness to pass even a short night with his wife (Margot Dionne) is in the circumstances hard to explain.

The low-life scenes are colourfully led by Lewis Gordon's gentlemanly Falstaff, a knight who brings into the stews a hint of the good manners he must have known in the old days. His encounter with the Lord Chief Justice (Max Helpmann) is an encounter between two amusing old gentlemen. Not that Mr. Gordon doesn't manage his strange oaths well enough, though I was sorry not to hear him say "Fillip me with a three-man beetle!" He tells his outrageous lies with no more impropriety than a fisherman exaggerating his catch, and the Gadshill robbery is covered with the clarity of a thriller. Jennifer Phipps is a motherly hostess, and in *Part II* there is a brief appearance by Martha Henry as Doll Tearsheet, an ageing blonde eaten to the bone with syphilis, that is one of the most terrifying things I ever saw.

Cedric Smith and Mervyn Blake make a sweet pair of dotards as Shallow and Silence. The scenes in the Gloucestershire garden with their autumnal peace make a fine preparation for the Coronation. This is done with all stops out, a handsome procession passing through an eager throng, the stage crowded from side to side until the fatal meeting of the new King and his disreputable old crony.

Since guessing which Canadian will succeed Robin Phillips when he resigns as artistic director is a favourite sport in the Canadian theatre, I think it is inevitable that on the strength of this production Peter Moss's name must rise considerably in the charts.

New Art Centre/House

Prunella Clough/Jenny Stein

by WILLIAM PACKER

Prunella Clough needs no special argument in her defence: she is quite simply one of the best painters we have, in her own or in any other generation. Her show of recent work (at the New Art Centre until June 23), as has always been the case with her, is a natural priority for anyone with the slightest pretence to an interest in contemporary art. The fact that she is not better known here, let alone abroad, is due more, perhaps, to her modest and retiring temperament than to any lack of painterly ambition, for her work can assert itself in the best of company: but it must be said that she has not enjoyed the official support that should have been hers by right. Like all but a lucky handful of her peers she must still teach to earn her living, yet another distinguished victim of our curious system whereby the artist is rewarded to the precise degree that he abandons the practice of his art. Cut down your teaching and you cut down your income: and there is hardly a tax inspector in the country who would view such a voluntary reduction without suspicion.

But back to Miss Clough's own paintings: the immediate impression is of a variety of beautiful surfaces and rich effects, all well controlled and sustained but suggesting a certain lack of consistent application, as though that variety and easy sophistication were enough in themselves, all effect and no substance. Even now, though I hope we are growing out of it, we tend to distrust physical beauty in Art as being somehow unserious, the mandarin approach impossibly (horrid word) elitist; and this self-denying predisposition may well explain how it is that Miss Clough has remained in the shadows for so long, with no obvious theory or programme to persuade or distract the critic and curator from the formal and decorative elegance of her work.

Elegance and sophistication are there all right, but what they register so beautifully, and with such deceptive assurance and ease, is the final expression of a most thoughtful and intelligent response to the visible world and the art it stimulates. The seductively decorative presence of each finished work need in no way vitiate, though it might well disguise, the seriousness and strength of the purpose behind it. And simply to see these final, superficial qualities, and nothing else, is most mistaken.

She takes her imagery from things seen, improvising and elaborating upon them with a delicately inventive playfulness that recalls no-one so much as Paul Klee; and this base in reality means that, no matter how extended the abstraction, the work never loses its suggestibility. There is a sense in which all abstraction is a kind of landscape painting, and in her paintings, so finely tuned, so well constructed, we move through that imagined space with its elliptical reference, and quietly surreal commentary upon the one we actually inhabit. The titles to the works, the conscious evocation of Pastoral and Wasteland, of Gate, Wire and Underpass, reinforce the imaginative connection.

House is what the name says it is, a private house, 62 Regent's Park Road, that has become a Gallery, and in difficult times, by the quality of the work shown in it, is already something of an institution. Jenny Stein, sometime director of the Whitechapel Gallery, unable to find suitable premises, decided to turn over to Art her ground floor rooms, *faute de mieux*: and it turns out that she could hardly have done better. Of London's smaller showing spaces hers is as good as any, sympathetic to a wide variety of work and capable of showing off to advantage all but the very largest. North of the Park London becomes another, stranger city, and a long way off to the poor southerner (though friends do say that it is not as far away as all that, and even go so far as to live there), but the special journey to House has never been less than a pleasure, and has long been a necessary stop on the critical round.

Mrs. Stein's intention has always been to show the work of younger artists, and of those who for any number of reasons have been forgotten, overlooked or ignored. She has a good eye and confidence in her judgment. Suddenly she looked up to realise that her enterprise had been running for three full years, and the current show is a celebration of that happy survival. And more than that, it recalls every show with one work by the particular artist. The list is impressive, from the memorial show to Michael Fussell, the very first of all, and continuing through such artists as Rachel Fenner, Brian Falconbridge, Ian Friend, John McLean, Evelyn Williams and Wynn Jones. The anthology remains on view until July 15.

Jenny Stein in The House

Finally, brief comments on two other shows. Angela Flowers, who was much missed during her temporary retirement, has been dealing for a month or two now from her new premises in Tottenham Mews (just below Annely Juda). At the moment she too is showing a gallery miscellany (until July 7) which brings together once more what is substantially her old stable of artists, notably John Loker, Ian Breakwell, Patrick Hughes, Derek Hirst, and Carole Hodgson, whose sculpture is the major piece there.

And at the Annexe Gallery in Old Wimbledon (until the end of June) is a small exhibition of drawings and paintings of Greek and Scottish landscape. Perhaps I should not mention it at all, for the artist, Ann Winn, is my sister-in-law; but I shall say that had there been no family tie I should have discussed her work at some length and with great pleasure.

Festival Hall

LSO at 75

by DAVID MURRAY

With Prince Charles and other notables on hand to offer compliments, the London Symphony Orchestra celebrated its 75th anniversary on Sunday night. Eight days late, to be exact: it was on June 9, 1904, that Henry Wood's breakaway players first appeared as the LSO at the Queen's Hall. Can they have imagined that they were founding an institution of such distinction?

Those of us not in a position to feel nostalgia for the Queen's Hall had cause to regret it nonetheless. The calculated acoustic mysteries of the Festival Hall can place strange veils over orchestral sound; this time it was Brahms who suffered, with Vladimir Ashkenazy's heavily efficient account of the Piano Concerto no. 1 emerging from a thick, homogenous welter. The veils parted a little for the Adagio and revealed some limpid depths, but in the outer movements anything that the conductor André Previn may have done to clarify Brahms's problematic scoring went for very little.

The primary-colour scoring of Andrzej Panufnik's commissioned *piece d'occasion*, Concerto Festivo, was not compromised, and the conductor-less performance sounded entirely confident. The brass writing in its opening Solenne produced some attractive sonorities; matters became more conventioned thereafter, with a string interlude in Panufnik's earlier manner and a final Giocoso which rose to a numbing superfortissimo. The second half of the concert brought Rakhmaninov's Second Symphony, which Previn obviously holds in great affection. Here the sumptuous big-band sound was as full and swooning as anyone could possibly have wished, and Rakhmaninov's idiom as thoroughly assimilated as earlier Brahms's had been haltingly rendered. The Hall's electronic aids are evidently well-adjusted to Rakhmaninov, at least—and the LSO may acquire a newly-balanced diet with the arrival in September of Claudio Abbado as their new Principal Conductor.

Dame Marie Rambert honoured

Dame Marie Rambert, 91, founder of the Ballet Rambert, who is Polish-born, is to receive the Golden Medal of the Order of Merit of the Polish People's Republic, one of its highest state honours, for outstanding contribution to cultural relations.

Sadler's Wells

Gayane

Finnish Week in Rosebery Avenue ended with three appearances by the National Ballet which shares the Helsinki opera house with the National Opera. *Gayane*, brought in a staging by Elsa Sylvestersson, is an Armenian *Daphnis and Chloe*, with a strong score by Khachaturian, rich in re-worked folk melodies and dramatic effects. I have little taste for peasant antics, but the vitality of the music, which seems to engage the best of Kachaturian's muse, and the involvement of the Finnish dancers, made for agreeable enough entertainment.

The story is thin. Giko loves the fair Gayane, who loves Armen, who loves her in return: Giko attempts to force his attentions on Gayane, all but strangling her in the process. Gayane and Armen are united, while Giko is ostracised by Armenian lads in baggy long-johns. Thus ends the second Act, and Act 3 is devoted to a wedding divertissement of folk dances. On Friday night the Finnish dancers gave heart-whole performances that did much to persuade us of some validity in the drama, in which task the energy of the score was a great help. Design, by Seppo Nurmimaa, was excellent — a forest of cords stretching up to the flies, echoing the lines on which Armenian carpets, that feature in the decoration, are woven. Visually exciting, atmospheric, the setting offered an abstraction of folk elements which could with advantage have been matched in the choreography.

Mme. Sylvestersson has obeyed her score in turning to the national dances of Armenia—there is much in the girls' dances of the near oriental poses we know from folk troupes — but it is a manner which stereotypes the characters keeping them as anonymous as members of a folk dance ensemble rather than exploring them as men and women having a high drama to play out.

Ulrika Hallberg and Hannu-Pekka Holmström were the lovers, Jyrki Järvinen the villain, and they did well, though I did not find my emotions especially engaged by the dramatic conflict. The uneven progress of the tale is illuminated, and in the last act superseded, by the folk dance elements. Here the cast can unleash a lot of energy in a shepherds dance, a *lezginka*, a Russian dance, and because the score is what it is—the sabre dance (short on numbers, but long on ferocious expressions and the clash of blades). These the Finns do with great verve, and Mme. Sylvestersson has set them out with a nice feeling for their theatrical effect as well as for authenticity.

Gayane's problem is in the high, but unexportable, quality of Khachaturian's exciting but far too local score. The kind of peasant drama it propounds is unsuited to a full-evening for Western audiences: a suite of dances using the liveliest numbers could make a jolly ethnic final ballet in a triple bill, but not even the dedication of the Finnish dancers, nor the excellent playing of the company's orchestra under Ari Angervo (whose performance was a lesson to every British ballet company), could make it seem more than a curiosity.

CLEMENT CRISP

The new season at Covent Garden

Four new productions join the Royal Opera House, Covent Garden, repertoire for the 1979-1980 season. One is a new opera, *Thérèse*, the first full-length composition of John Tavener. It has been commissioned by the Calouste Gulbenkian Foundation with a libretto by Gerald McLarnon. It opens on October 1, with the title role of the French Saint played by Elise Ross.

The other productions are: *Andrea Chénier*, by Giordano, having its first Covent Garden production since 1930, with Placido Domingo in the title role and Riccardo Muti conducting; Donizetti's *Lucrezia Borgia*, which has not been presented since 1888, and with Joan Sutherland as Lucrezia; and *Simon Boccanegra*, with Sherrill Milnes in the title role.

Other major events of the season will be a tour of the Far East, which will cost £1m; a children's opera, *The Pig Organ*, by Richard Blackford and Ted Hughes, to be presented at the Round House in January; and in 1981 a visit to Manchester. On the debit side the increase in VAT will force up seat prices so that for some performances at Covent Garden the best seats will cost over £20.

A.T.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

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Tuesday June 19 1979

Two cheers for SALT

OVER THE last fifteen years or so, the United States has moved from a position of overwhelming superiority in strategic nuclear armaments *vis-à-vis* the Soviet Union to one roughly described as parity. *Parity is defined as a state of* affairs where neither side is likely to gain from launching a nuclear first strike because the victim of the attack would still be left with sufficient nuclear resources to deliver a devastating counter blow. That is the strategic nuclear balance as we know it.

The advantage of superiority for the U.S., and indeed for the western alliance as a whole, was that there were certain actions which the Soviet Union was unlikely to undertake because it feared the possibility of an American nuclear response. The disadvantage was that—not unnaturally—the Russians always wanted to catch up and no-one could be sure that they would fail to do so. American strategic superiority did not make for a very stable relationship in the long term.

The case for strategic arms limitation agreements between the superpowers has always been that they would put the principle of parity into treaty form, thus limiting if not eliminating, strategic competition, while at the same time putting relations between the U.S. and the Soviet Union in general on a better footing.

The tests

There are therefore two tests which need to be applied to the agreement signed in Vienna yesterday by President Brezhnev and President Carter. The first is whether it will ensure that *neither side is likely* to be in a position to deliver, or threaten to deliver, a strategic nuclear strike at the other with impunity. This test applies not just to the state of affairs today or next year but also—because of the possibility that both sides have of developing new systems, or improving existing ones—to the situation well into the 1980s.

The second test, *which is to* be applied only if SALT 2 is judged to have passed the first, is whether the agreement is likely to lead to a general improvement in Soviet-American *relations.*

On the basis of what is known so far, SALT 2 seems to be a treaty worth supporting provided that those who do so are aware of its limitations. There is no way in which it will stop strategic arms competition. Both sides are free to go on refining existing systems and to develop *new ones. Strategic arms* expenditure will probably go up as a result—though not by as much as if there were no treaty. In many ways the most important decisions are simply *deferred to a later date.*

The American decision on the deployment of cruise missiles, for example, is deferred until the end of 1981 when the Protocol to the treaty expires. Discussions on the limitation of non-strategic nuclear weapons and indeed of conventional weapons have been referred either to forums which do not yet exist or which, in so far as they do, have made little progress over the years.

Gainers

Yet if SALT 2 could act as a spur to other measures of arms control, that would itself be a partial justification. The Americans would still have to watch that the military balance—and *not just the strategic balance*—did not get out of hand. But at least the negotiating process between the superpowers would again be under way. That is why, on the basis of the parity *test, we are inclined to give* SALT 2 the benefit of the doubt: not for what it is but for what it might bring.

The test of the effect on *Soviet-American relations,* however, is much harder. The real gainers from SALT so far have been the Russians since they have achieved strategic parity with the Americans within a *decade and are on the brink of* having it ratified. If the result is nuclear stalemate, the danger for the Americans is that the Russians will simply intensify their competition in other fields, *whether in conventional arma*ments and/or by moving further into parts of the world which used to be remote from Soviet influence.

Tilting

It will take time to tell how the Russians respond if and when SALT 2 is approved by the U.S. Senate. *It is striking,* however, that the balance of power, once so heavily in the Americans' favour, has been tilting steadily in Moscow's direction. What we need now is *evidence that the Russians are* seriously interested in international stability. They should have a chance to show it in other arms control negotiations, and also in their behaviour around the world. It will do no great harm if this is brought home to them during the American debate on ratification.

Britain's changing pattern of poverty

BY DAVID FREUD

The generous uprating of social security benefit in last week's Budget is unlikely to alter the position of the poor fundamentally, mainly because inflation is expected to catch up with the increase. However, the Conservatives have shown awareness of the dangers in one aspect of State assistance — the widening gap between the various levels of support for the poor.

MORE PEOPLE have been living on or below the official poverty line in Britain over the past few years than at any time in the post-war period.

Much of the increase has probably been due to the upward movement in the definition of poverty. Nevertheless, the figures reveal a radical change in the kind of people affected.

Pensioners are still the largest single group of poor, but families with children are now a growing proportion of the total.

There are three underlying reasons for the change. Since 1974 unemployment has more than doubled. At the same time the changing social role of women has meant rapid growth in single-parent families, many of which have low incomes.

Finally, the approach developed by the State since the late 1960s to help the poor —through heavy reliance on means - tested benefits—has probably made it more difficult *for people to pull themselves* out of poverty once they find themselves in it. This is due to the workings of the notorious "poverty trap."

Rather out of date

The change in the nature of the poor seems not to have been noticed by most politicians. Part of the reason is that the figures revealing the trend are complicated to *interpret and rather out of date* by the time they are published. The latest set of reliable statistics, for instance, extends only to 1976.

In 1948, when the National *Assistance* Board was established, about 1m claimants were dependent on national assistance. The figure fluctuated around 1.6m through the 1950s, but by 1966 the number of claimants receiving supplementary benefit had increased to 2.5m. In the following 10 years the total rose to 2.9m.

According to the Royal Commission on the Distribution of Income and Wealth* the 1976 figure represented 4.7m recipients plus their dependents, about 9 per cent of the population. The comparable total for 1966 was not available, but it *was estimated to have been only* 7 per cent of the population.

The main increase appears to have taken place between 1974 and 1976 and for this period there is direct evidence in figures extracted by the Department of Health and Social Security from the Family Expenditure Survey (FES).

This shows that the number of people living below the long-term supplementary benefit (SB) level rose from 1.4m to 2.3m during those two years.

Not only was there an increase at this lowest level. The number of claimants and their *dependents receiving supple*mentary benefit also went up—from 3.7m to 4.1m—as did the number living just above the long-term SB levels.

In total therefore, between *1974 and 1976 the number liv*ing around the poverty line moved up from 11.8m people to 14.9m, more than a quarter of the population.

It is likely that the number of poor has stayed roughly the same since 1976. The steady drop in unemployment during the last 18 months is likely to have reduced their numbers, as will the extension of child benefit. However, these factors have probably been counterbalanced by the growing numbers of long-term unemployed.

The stable numbers receiving supplementary benefit in the last three years support the interpretation that the incidence of poverty has changed little over this period.

Are there more poor because *the official poverty line has been* raised? One problem in assessing this is that there is not one poverty line, but several. The key definitions are the two sets of rates of supplementary benefit—long-term and short-term—paid by the State to those whose income would otherwise fall below these levels.

The higher long-term rate is paid to pensioners and those who have been claimants for more than two years, while the main beneficiaries of the short-term rates are the sick and unemployed who cannot survive on national insurance and those whose earnings in work fall below SB levels.

Since last November the short-term scale has been £25.25 a week for couples, £15.55 for *single people and between £4.40* and £9.55 for children, depending on age. The comparable long-term adult rates have been £31.55, £19.90 and for children, the same as the short-term rate. These figures do not include the cost of housing, a variable item in the UK's distorted market, and they are to increase by between 17½ and 19½ per cent next November.

In real terms the poor are about twice as well off as they were in the years after the war. According to the Diamond Commission the long-term SB rate increased by slightly more than *twice the amount of the Retail* Price Index between 1948 and 1977, with the bulk of the relative gain coming in the 15 years to 1967.

Over the period as a whole *this increase was a little faster* than the growth in average male manual earnings, mainly due to a substantial uprating in 1965.

This uprating brought the short-term SB rate from around 25 per cent of *average male* earnings, where it had been through the 1950s, to about 30 per cent, where it has stayed.

During the 1974-76 period—when the main increase in the numbers of poor occurred—there was another uprating in real terms, this time of the long-term SB scale. At a time when average real take-home pay fell, *this scale moved up in relation* to average earnings and prices, whichever was the higher. So it seems likely that the increase in the absolute numbers of poor is largely due to the raising of *the official poverty* line.

Widening gap

At the same time there has been a widening gap between the two sets of benefit rates. The long-term rate was introduced in 1966 at 11 per cent above the basic rate, but since 1975 the basic rate has lagged behind due to the differential uprating of benefit—long-term in line with the higher of the rise in earnings or prices and short-term in line with prices. The gap now stands at 25 per cent and would have continued to widen if the Chancellor had not changed the policy last week.

There are some signs that those on the lower scale may be worse off in relative terms than they would have been earlier. The Royal Commission presents figures showing that the poorest 25 per cent of families received roughly the same share of UK net income throughout the 1968-76 period.

If those on the long-term scale have become relatively better off, this implies that other groups in the lowest quartile — roughly those living below 140 per cent of the long-term SB scale — have become relatively worse off. And many of these are likely to have been claimants with children — most of whom are on the lower short-term rate.

The differential impact of inflation may also have made those on the lower SB rate worse off than they would have been in earlier years. Although the rate went up roughly in line with the Retail Prices Index, it is widely claimed that since 1974 the prices of electricity, food and other items which form the bulk of the poor's purchases have gone up faster than the basket of goods making up the RPI.

However, there is a lively dispute taking place on this point between Department of Employment statisticians and the "poverty lobby."

Professor David Donnison, *chairman* of the Supplementary Benefits Commission, argued that there were grave dangers in the widening gap between the two sets of benefit. Quite apart from making those on the *short-term* rate relatively worse off, it also meant that the long-term rate would eventually catch up with earnings. This would make a backlash likely as resentment among the lower *paid* built up. The Chancellor's announcement that both sets of benefit would in future move in line with prices shows the Conservatives recognised this danger.

Professor Donnison argues that the relationship between the State support level and average earnings is the correct one, rather than absolute need.

Perhaps more significant than the actual number on the poverty line is the fact that the main recruiting ground for the new poor has been households with children. Pensioners, who in 1948 represented 63 per cent of claimants on National Assistance, have diminished as a problem. Even though their numbers had tripled, by 1977 they amounted to only 58 per cent of claimants. Furthermore, they now occupy a much larger share of council houses than they did in the 1950s.

Meanwhile unemployed claimants increased from 5 per *cent of the total in 1948 to 22* per cent in 1977. The FES comparison shows that whereas the unemployed and their dependents on or below the poverty line totalled 450,000 in 1974, the figure rose to 1.8m in 1976.

There was also a big rise in single parents and their children on or below the SB scale—from 840,000 to 1.2m. Figures assembled from the Family Expenditure Survey show that there was a total of 1.5m children living in families at or below the poverty line at the end of 1976.

With the growth in the numbers of children living in poverty there seems to have been some relative deterioration in State benefit for large families. Professor Donnison said that over the last three years, claimants with children had become slightly worse off than those without.

This meant that support for large families in the UK was significantly less than in other Western countries while the international comparison showed rough comparability with smaller families.

His view is strongly supported by a Royal Commission finding that lower-income heads of larger families, as well as single parents, were twice as likely to say they couldn't manage than other family heads.

Mr. Frank Field, the new Labour MP for Birkenhead who is closely associated with the Child Poverty Action Group and Low Pay Unit, argues that the scale of children's benefit is based on nutritional research conducted in the U.S. in the last century. It has never been properly tested and the benefits scale is, he believes, biased in favour of adults.

The state's reaction to the growth in poverty has been to extend, *step by step since the* late 1960s, the use of means-tested benefits—mainly because this was the cheapest way to deal with the problem. As well as supplementary benefit, means-tested distributions now include Family Income Supplement, rate and rent rebates, rent allowances and free school meals.

Cheapest way

Failure to take up these *benefits, especially among low* wage-earners who perhaps do not know they are entitled, is one reason so many people are living below the poverty line.

The Supplementary Benefits Commission estimates that in 1976 about 900,000 people failed to take up about £300m of benefit to which they were entitled. Take-up rates of rent allowances have been estimated by the Royal Commission at as low as ten per cent.

The relationship between the means-tested benefits and the tax system has also led to the *development of the poverty trap,* in which net earnings can fall with increased wages. People in the trap lose more in benefits than they gain in wages, after tax is taken into account. Some 50,000 households were estimated to be in this position in 1975 and marginal benefit for each extra £1 earned ranged from negative to 49 per cent in no less than 380,000 cases.

This is the area in which disincentives among the poor are strongest, tending to depress the individual's will to move up the earnings ladder. Disincentive not to work at all is far less. Only 30,000—about one per cent of all claimants—would be better off on the dole than in employment if they claimed all the benefits to which they were entitled, according to Professor Donnison.

Mr. Field argues that the means-tested benefits, through the poverty trap, have meant that State assistance to the poor has become a ceiling rather than a floor. "It has become impossible for individuals to break back into the main stream of the country's life," he states.

At the same time the system has required a vast growth in the bureaucracy to administer it and prevent fraud.

There is probably no cheap way to alleviate the wide-spread poverty as Britain moves into the 1980s. The single most effective development would be rapid economic growth which absorbed all the excess labour on the unemployment registers. However, since optimism is no *substitute for policy,* time would be better spent investigating ways of adjusting the system in line with the changing pattern of poverty.

This would mean concentrating on the unemployed, large families and single parent households.

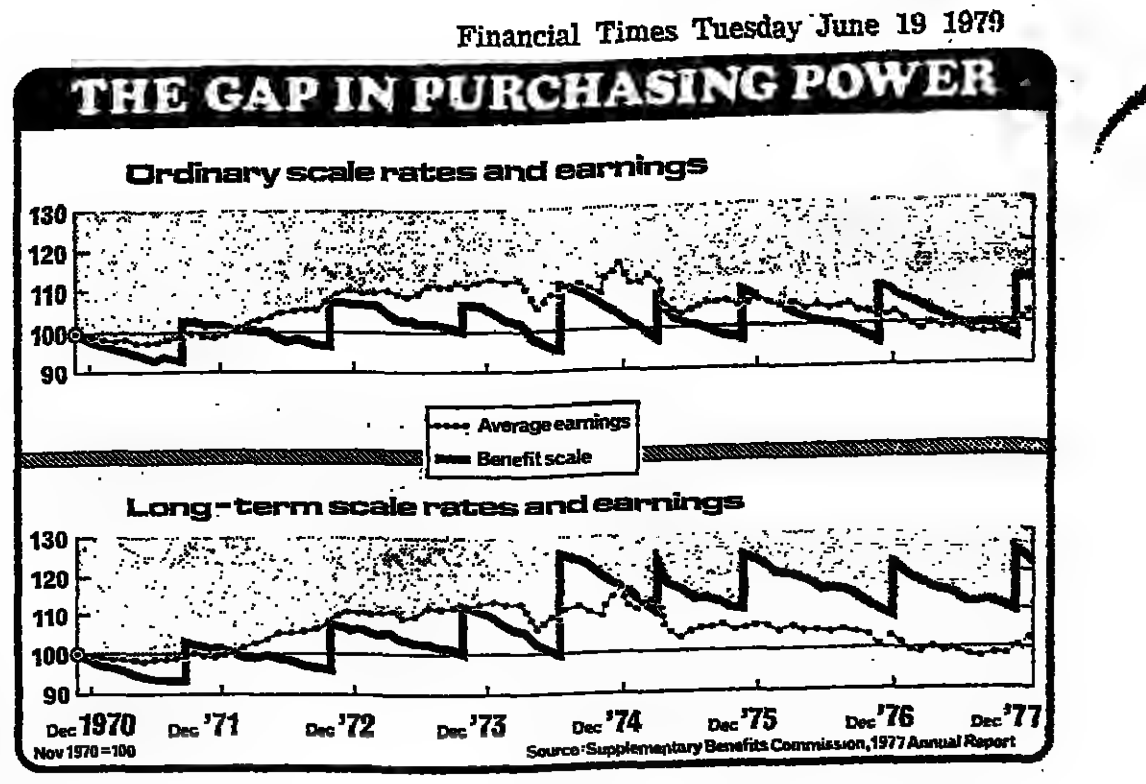
One step, urged by the Supplementary Benefits Commission, is to put the unemployed on the more generous longer term benefits scale. This it is estimated, would cost about £80m a year.

But perhaps the first priority should be to take children out *of* the poverty formula—a formula they should not have been allowed to enter in the first place.

A first move would be to index the rates of child benefit—which is paid to all mothers—thereby insulating mothers and children from future inflation.

More fundamental—and more *expensive — would be to bring* up the rates to those paid under the supplementary benefit scale. This would hugely simplify the system, ensuring that adequate provision was made automatically for all children, while at the same time reducing the operation of the poverty trap.

* *Royal Commission on the Distribution of Income and Wealth, Report No. 6, May, 1978, Command 7175, SO £6.75.*



Ghana's search for stability

THE MOST bizarre of circumstances surrounded yesterday's general election in Ghana, which is supposed to pave the way for a return to civilian rule after *seven years of military* Government. Just two weeks before the scheduled date of the poll, the retiring military Government of Lt.-Gen. Fred Akuffo was overthrown in a coup led by junior officers and other ranks.

The new Government announced that it had not come to stay, merely to "house clean" or bring to book those who had abused their positions and profited from bribery and corruption during the Governments of Lt.-Gen. Acheampong, who was overthrown last year, and of Lt.-Gen. Akuffo. Ghana would still return to civilian rule, but this cleansing process meant the handover date must be delayed from July 1, possibly for as long as three months.

Economic malaise

Last weekend, the new Government gave an indication of what its "house cleaning" might entail: Gen. Acheampong and a former border police commander were executed by firing squad for alleged corruption, after a trial which is reported to have lasted less than one day. There is no doubt that during Gen. Acheampong's *rule corruption on an immense* scale flourished. Nor is there much doubt that corruption is a major element of the deep-rooted political and economic malaise which afflicts Ghanaian society.

But it is far from clear that the execution will have a deterrent effect on a society where corruption is all-pervasive. Furthermore, whatever Gen. Acheampong's faults, it is greatly to be regretted that he should be despatched after so summary a trial, which runs counter to Ghana's long and distinguished legal tradition. This execution and any others which follow could set an ugly pattern. Whatever the faults of their country, Ghanaians have, up till now, settled their political disagreements with *remarkably little bloodshed.*

New style

In many respects, the latest military coup can be seen as an example of the manner in which Ghanaian society has lost its political way. After experimenting first with Nkrumahism, then with military Government, next was a multi-party cabinet system and finally with three more military regimes, it is now preparing for an American-style presidential system of Government. It is vitally important that the hand-over to a civilian administration takes place this year as promised. Whatever the failings of Ghana's new constitution, civilian Government might at least offer this demoralised and unhappy people a chance to recover a degree of political self-respect and purpose.

Problems faced

At the same time, Ghana needs a background of political certainty to underpin the tough task any Government will face in trying to revive the economy, shattered by years of declining *cocoa production, deficit finan*cing and an over-valued currency. The Akuffo Government set about tackling these problems in a sensible fashion which won it the approval of the IMF. It is important that this policy be continued, and it is encouraging that the new Government has reappointed Dr. J. S. L. Abbey, the capable Minister of Economic Planning.

*But the economic and politi*cal health of Ghana are closely inter-related. It is therefore essential that the new military Government bows out quickly, preferably without further bloodletting.

MEN AND MATTERS

Refloating the gas balloon

One company that breathed a corporate sigh of relief after the Budget was Calor Gas, which with 35 per cent of the UK propane market is also one of the more active in the field of converting petrol engines to run on it. The Budget did not increase the tax on liquefied propane—*since 1972 taxed on a* par with diesel—and Calor is now set to make a major investment in increasing the number of re-fuelling points. At present there are only about 200 in the UK—compared with at least 1,000 in Holland.

At 58p a gallon, gas has a certain allure about it just now, even with conversion costing £200 and more per vehicle. This involves installing a fairly complicated tank as well as converting the carburettor, but after that cars can be driven on either gas or petrol at the flick of a switch. Calor's general manager, Carl De Camps, admits development of the technology has been "rather bogged down" by taxation. Before gas was taxed, none of the larger companies—knowing the crunch could not be far off—would have any truck with it. After 1972, when the crunch came, gas ceased to hold any great attractions except that it was cleaner and reduced the wear on engines.

The Howe Budget, increasing oil prices and the propane found along with oil in the North Sea has changed the equation. But De Camps is wary of encouraging individuals to switch over to gas. The problem is supply. BNOC has just signed a contract with Calor to sell 150,000 tonnes over the next two-and-a-half years. By the late 1980s, says De Camps, 5m tonnes will be available from the North Sea. But it will still not be enough to cope with mass conversion to gas. "Vast, vast quantities have been flared in the Middle East —quite disgraceful—but the 30m tonnes they could provide is not all going to be available to us. The U.S. and Japan are very LPG-hungry, and Spain is a growing market, having no town gas."

"I see the whole thing becomes null and void if Sky Lab falls on Brezhnev."

But while the propane keeps hissing, a surprising number of UK companies have converted all or part of their fleets and installed their own re-fuelling tanks. Among them are Littlewoods' Home Delivery Services, Securicor, two water authorities, and—rather oddly—the North Eastern Gas Board.

Own goal

The ease with which a Saudi man can divorce his wife and the success of the Ahli football team have *combined to* break up at least one Saudi home, I hear from Jeddah.

Abdul Rahman Ol-Otaibi, a father of four, is a fanatical supporter of the Jeddah club Ittihad. Mrs. Otaibi is an equally keen supporter of Ahli. When the two rival clubs clashed in the Saudi Cup Final on June 9 Ittihad was unfortunately outclassed, and incensed by his wife's crowing every time Ahli scored, Abdul Rahman swore the traditional oath of divorce each time. Unhappily, it takes only three oaths to lose a wife. By the final whistle, Mrs. Otaibi and the children had fled: Ahli won 4—0.

The newspaper Al-Medina took up the case with fervour. "For how long will the Saudi obsession with football continue to destroy the sanctity of the home?" it thundered righteously. Relief finally came on Sunday in a Fatwa — legal ruling — from Mecca's summary court. The assistant president quoted a Tradition of the Prophet on the authority of his favourite wife, Ayesha: "It is the consensus of scholars that divorce is invalid if it results from extreme anger."

Mrs. Otaibi's views are not known. But as divorce in Saudi Arabia is extremely hard for a woman (as opposed to a man) to get, she may prefer her unexpected new status, and appeal.

New queues

Lengthening petrol queues on top of economic troubles seem to be driving Washington's more unbalanced citizens over the edge. While reluctant to encourage the new madness by talking about it, psychiatric hospitals in the area admit there has been an unusual increase in the number of patients. "It's jumping here," said one expressive admissions clerk at Saint Elizabeth Hospital. "Most of our business is usually during the cold weather."

At *Spring* Grove Hospital Centre, Maryland, they were more precise: "Involuntary commitments" there rose from 127 in April to 185 in May. During the first 11 days in June another *108* citizens took a compulsory break. A senior official at the hospital, Richard Runge, was outspoken in his explanation for it all. While Americans may be better prepared than during the 1973 Arab oil boycott, he said, they are contending with soaring prices in a worsening economy: "The conflicting stories—blaming everyone from the President to the oil companies to service stations—give a plausible hook for individuals with paranoid *tendencies. During Watergate* we got people suffering from delusions that they were being followed around by the CIA."

More cynical observers insist that the petrol shortage and its associated murders and madness are confined to the circulation area *of The Washington Post:* "They keep running scare-stories."

Marked man

Proud of the high dignity of their profession, accountants of the chartered variety have been riled by the description of Mark Thatcher, the Prime Minister's son, as a chartered accountant. The latest issue of Accountants Weekly goes to the bottom of the matter, and points out that Thatcher *fils,* while an excellent amateur motor-racing driver, has not earned his accountancy laurels. Nor has Thatcher *fils* made any great efforts, it seems, to correct the impression that he is chartered. "He passed his English Institute Part 1 final in May, 1976," says the magazine tartly, "but so far, at least, has not managed to progress any further in the examinations stakes."

Special feature

A reader in Reading tells me an *advertisement in a local* shop window runs: "For sale, 1969 Mini. Body fair, uses hardly any petrol (can't get it started)."

Observer

FINANCIAL TIMES SURVEY

Tuesday June 19 1979

FINLAND

The general election in March produced a swing to the Right but Finland's pluralistic democracy continues to function in its own idiosyncratic way. The economy depends though on world developments and it needs a breathing space so that restructuring policies can be carried out to achieve further expansion and contain unemployment.

Scope for a further advance

By William Dullforce

FINLAND HAS a new prime minister, its economic performance has improved and all is quiet on the eastern front, with President Urho Kekkonen in his 24th year of office ensuring good relations with Moscow. On the threshold of the 1980s, Finland remains politically stable internally and externally while the current economic recovery, though fragile, offers some scope for a further advance in prosperity.

But, as may be expected with a nation that has had to fight so tenaciously for its independence and welfare, the picture is not entirely unclouded. Unemployment remains a major social problem. The economy is critically dependent on outside developments and, if the present oil crisis were to disrupt its foreign markets, the impact on Finnish industry could be severe.

This would be most unfortunate at a time when the Finns need breathing space to reorganise the structure of their economy.

On the foreign political side, the Finns as ever are eager to add whatever weight they can to the movement towards detente in Europe. They hope something concrete will emerge from the next follow-up meeting of the conference on European Security and Co-operation (CESP) in Madrid and they welcome the new SALT Two agreement between the U.S. and the Soviet Union.

They are, however, concerned that this agreement could give further impetus to the pressure for the development and deployment in Europe of new tactical nuclear weapons both by NATO and the Warsaw Pact countries. President Kekkonen underlined this concern during his visit to West Germany last month.

Particularly worrying for the Finns in the light of their treaty obligation to prevent any attack on the Soviet Union across their territory would be the advent of Cruise missiles, which would need to pass through Finnish air space to find their targets. These possibilities are shadows rather than realities so far, but their exposed strategic position has taught the Finns to detect dangers to their interests in good time.

It is better to emphasise the change in the premiership rather than the change in the government prompted by the general election last March. The new Left-centre, four-party coalition is the same as before except that the Swedish People Party replaces the Liberals alongside the Communists, Social Democrats and Centre Party. The more intriguing development is Dr. Mauno Koivisto's switch from governorship of the Bank of Finland to the Prime Minister's office.

The election showed a distinct swing to the Right which has been only marginally reflected in the composition of the new Cabinet. The Left lost seven seats in parliament where the non-socialists now have a 113 to 87 advantage, the biggest majority they have enjoyed since the 1962-66 parliament.

All the same Finland now has a Social Democrat Prime Minister and a Cabinet in which the Social Democrats and Communists hold as many seats as the non-socialists, represented by the centre party and the Swedish People's Party, with an independent understood to have leanings towards the Centre Party thrown in as a sop to public opinion.

Victors

The big victors of the election were the Conservatives, who increased their representation in parliament from 35 to 47 to become the second largest party there after the Social Democrats (52) but well ahead of the Centre Party (36) and the mainly Communist People's Democratic League (35). The Conservatives nevertheless remain in opposition.

It took 68 days for the new Government to be formed after the election—about par for Finnish politics. Mr. Harri Holkeri, the Conservative leader, was given the first try but this was little more than a gesture from President Kekkonen's side: It was recognised from the beginning that he had no chance.

It is difficult for outsiders to see how the election result is reflected in the new Government. Foreign policy provides the clue. Although they loyally line up behind Finland's policy towards the Soviet Union, the Conservatives are suspect in Moscow. President Kekkonen, who directs the country's foreign affairs, believes that broadly-based coalitions linking the Left and Right are needed to give authority to Finland's foreign policy.

Does this mean that the relationship with the Soviet Union undermines democracy in Finland? It imposes restraints but Finland's pluralistic democracy functions in its own way. The new Government commands the support of 122 of the 200 members of Parliament (the Communists are split into a nationalist majority and a Stalinist minority of 11 who oppose participation in the Government).

The Conservatives can block highly-controversial legislation such as changes in property rights under the constitution, which requires such legislation to have a five-sixths majority in parliament. Efforts are being made to amend the constitution but have not yet succeeded.

The election can be interpreted as a vote against the previous coalition parties (Social Democrats, Communists, Centre Party and Liberals) which together lost 16 seats. Well, the former Premier, Mr. Kalevi Sorsa, the Social Democrat leader, and Mr. Johannes Virolainen, the Centre Party leader, are not in the new Cabinet.

On the other hand, the Centre Party gets six of the 27 Cabinet posts and takes over the key Finance Ministry from the Social Democrats. Although it suffered a setback in the election, it has gained strength in the Cabinet as the main non-Socialist representative.

These explanations are common currency in Finnish comment on the formation of the new government. They sound devious even to many Finns' ears but they represent Finnish reality and are understood.

Finally, there is the fact that the election brought Dr. Koivisto unexpectedly back to the premiership. He is generally regarded as belonging to the Right wing of the Social Democrat Party but he is primarily a political personality in his own right.

At 55, he has come a long way since he started work as a carpenter in his home town of Turku and returned from war service at the age of 22 to catch up on his school education. He is now an intellectual, a man of wide-ranging and sometimes idiosyncratic ideas which frequently disconcert his party colleagues.

He has exerted a powerful influence on the economy as Governor of the Bank of Finland, forcing on the government policies which he believed were in the national interest. He is responsible for the improvement in Finland's payments balance and in large measure for the decline in the inflation rate.

Dr. Koivisto has won the confidence of business and, even more remarkably considering the effect of his policies on the employment situation, the opinion polls put him second only to the President in popularity among the Finnish people. It is difficult to explain his standing with the public except as recognition of his personal integrity.

There are many implications in President Kekkonen's unexpected decision to nominate Dr. Koivisto. Not the least is the advantage the premiership could give Dr. Koivisto when a new president has to be elected in 1984. By then Dr. Kekkonen will be 83 and it is assumed that he would not wish to continue after 28 years in the job.

That election is likely to be the most critical in Finnish politics during the 1980s, because the President controls foreign policy. So far Dr. Koivisto has been regarded rather as an outsider, principally because it was supposed that his relations with the Russians were not too good—but he has taught himself Russian.

Popularity

Although the President has not explained his decision to call on Dr. Koivisto, other considerations could be his popularity and his firm handling of economic matters, both of which could be important assets at a time when the restructuring of the economy calls for determined and possibly unpopular policies.

By accepting the job Dr. Koivisto is undoubtedly taking a gamble. His popularity will be put to the test: the economic situation may prove to be intractable: he will be much more exposed to the political machinations of rival candidates; and there are still over four years to go to the Presidential election. Some Finns believe Dr. Kekkonen had all these points well in mind when he nominated Dr. Koivisto. The new Premier is very much on trial.

The fact is that, despite his sterling qualifications, Dr. Koivisto can fail. He is very much a loner, sometimes even eccentric. He has never been clever at dealing with Parliament: he has not courted support within his own party and his relations with the trade unions have not been close. He will have to develop the political sense he has seemed so far to lack.

Already he did not disguise his impatience over the vague and wordy government programme he had to accept as the price for stitching together his coalition. This programme may have little practical value, but it is the Centre Party's and Communists' alibi to their supporters for collaborating in the Government and a convenient reference document should they or others wish to break up the coalition later.

Dr. Koivisto, if anybody, should understand the present needs of the Finnish economy. It has been due largely to his use of monetary weapons at the Bank of Finland that the current account has been brought into surplus after at one point in 1975 approaching a deficit close to 10 per cent of GDP. The rate of inflation has also been successfully reduced from a peak of around 17 per cent a year to 7-8 per cent.

The emphasis over the past two years has been on improving the competitive position of the Finnish export industries and bringing about an export-led recovery. This has been successful and forecasts for economic growth this year vary from 4.5 to 5.5 per cent, in any case above the average anticipated within the OECD countries. Expectations for 1980 are more cautious, but most economists believe Finland can achieve a further 3 per cent expansion in output then, provided there are no further dis-

CONTINUED ON PAGE III

BASIC STATISTICS

Area	117,943 sq. m. 305,475 sq. km.
Population (1977)	4.74m
GNP (1977)	FM119.41bn
Per capita GNP	FM25,190
Imports (1978)	FM32.3bn
Exports (1978)	FM35.2bn
Imports from UK (1978)	£349.1m
Exports to UK (1978)	£636.3m
Currency=Markka	£1=FM8.26

Economy emerges from recession . . .

THE PAST 12 months has seen the Finnish economy claw its way out of the worst slough of recession it has sunk into since World War II. The next 12 months promise a chance of consolidation on the firmer ground now attained. Beyond this foothill lies undulating territory that cannot be surveyed with any certainty yet.

It is little wonder that industry views the immediate past and future with an ambivalence that verges on schizophrenia. A random selection of the annual reports for fiscal 1978 of the largest Finnish industrial groups discloses what is almost a theme song: sales improved gratifyingly but the economic result was not satisfactory. The explanation for the mixture of relief and disappointment is not hard to find.

The dawn of 1979 was bright. After two years of stagnation, Gross Domestic Product grew by around 1.2 per cent in 1978 and the forecast for this year is a 5.0 per cent increase. Exports expanded by 13.8 per cent in value and should go up another 11 per cent this year; the changes for imports are 5 and 16 per cent respectively. The trade surplus was a whopping FM 2.8bn (£350m), the balance on current account FM 2.3bn, and the promise is that both surpluses will be substantial again this year, if not as striking as in 1978.

The foreign currency reserve has once again fluffed up into a comfortable pillow instead of the worn strip of covering it has been for years. It looked as though inflation was licked—it was held to 7.8 per cent in 1978.

But the dawn contained red [illegible] of warning. The unemployment rate was up to 8 per [illegible] is very high for [illegible] The net foreign debt [illegible] 27.3bn, 23.4 per cent of GDP. The corporate debt burden was worrying the business world. According to preliminary figures for 1978 released by the Confederation of Finnish Industries (CFI), the ratio of internal company financing to turnover was down to 5 per cent, against 10 per cent in 1974, the last pre-recession year. Corporate long-term debt management costs amounted to 17 per cent of net sales. The debt ratio (external capital to equity) was 3.3 per cent. *Most of the debt was* incurred during the great investment splurge of 1971-1973.

Factors

The newly published quarterly survey of the Ministry of Finance Economic Department lists the main factors of uncertainty which threaten the maintenance of current growth rates. They are international economic developments, the price trends and supply of oil and raw materials and, in the home country, uncertainty about economic policy and incomes policy in the longer term. The new Government's economic programme contains a passing reference to the importance of long-term planning for corporate investments, but industry is not impressed with this sop.

Prime Minister Mauno Koivisto is on record as saying that the greatest threat to the economy for the near future is inflation. This view is shared by the private sector, yet it is showing unusual optimism that inflation can be kept below 9 per cent this year. According to a calculation by the CFI, the increases in oil prices already announced this year will add 1 per cent to manufacturing costs and around 0.5 per cent to consumer prices.

But there are ominous indications that oil prices will rise even further, and the price of raw timber may also rise. The farmers supply some 70 per cent *of the wood-processing industry's* wood requirements from their forests, and they want a share of the new "prosperity" that has temporarily come to the pulp, paper and timber trade.

Labour generally is looking for greater rewards from the mini-boom. The increase in labour costs this year is esti*mated at 10.5 per cent*, to which must be added an assumed wage drift of 3 per cent to 4 per cent. The estimates for the nominal and real increases in the disposable income of households are 12 per cent and 4 per cent respectively.

Current labour contracts run out in February 1980. The *unions and employers will start* unofficial talks in August on the outlines of the next round of collective bargaining which will probably begin in earnest towards the end of the year. If the increases in nominal wages and wage-related costs can be kept within reasonable limits, one inflationary factor will be restrained. *Wage-related costs* —statutory and voluntary social security and other benefits — currently amount to around 54 per cent of wages paid for actual work done.

At central federation level on both union and employer side there is an understanding of the realities. The problem is to convince the rank and file, and it is exacerbated by the personal ambitions of some union leaders who control small but vital groups of labour that can hold the country to ransom by striking. Foremost among them are unions and union federations in the technical and trans*port branches*. A *further complication* is "auction bidding" for votes by the Social Democrats and Communists in the unions, and even between the hard-line minority and more moderate majority factions within the Communist Party.

The employers see some chance, however, of a longer (two-year?) agreement early in 1980, and this would eliminate some uncertainty from cost calculations in corporate planning. But this optimism has been tempered very recently by the demand from the Left-wing think tank that the threat of *imported* inflation should be countered by revaluing the Finnmark and imposing an export profits levy on the forest industry. Neither measure would improve the precarious international competitiveness of export-orientated industries, but the new Government says that resort to a revaluation cannot be *excluded*.

Mr. Gay Ehrnrooth, President of the Board of the CFI, says: "We've just come out of hospital. We must have a little time now to put the house in order without outside interventions. To recover, we need two-three years of times like the present."

The *industrial sector concedes* that 1979 will be a good year. Even if the U.S. economy slides into fresh recession in the autumn, the European market can hardly be affected before 1980. It is the uncertainty about 1980 that reinforces the lack of propensity to invest that already exists because industry still has spare capacity. It looks as though autumn 1979 will bring firmer forecasts of how the American economy—and via that route the European—will move. Until then industry in Finland and Mr. Koivisto's Government are going to move cautiously.

Lance Keyworth
Helsinki Correspondent

. . . but future strategy remains uncertain

[illegible] post-war period Finland has had one of the [illegible] economic growth records [illegible] OECD. In the quarter century from 1950, for instance, the per capita growth in Finland's GDP was higher in every five-year period than was Sweden's.

During those 25 years the country moved from a basically agricultural society with 46 per cent of the labour force engaged in primary production into an economy in which services employ 52 per cent of the labour force.

The percentage employed in the manufacturing and construction industries has risen in the same period from *27 to 35 per* cent. It is almost as if Finland had jumped over the industrialisation phase and yet it has been industry which has generated the growth in wealth. This relative affluence was achieved at the cost of some dislocations and structural weaknesses, which were exposed when the world depression hit the country in 1975.

The most prominent weaknesses to appear have been unemployment and susceptibility to imported inflation. Firm guidance from the Bank of Finland has brought the inflation rate down to the average for the OECD and the number of jobless is falling this year after hitting a post-war peak in 1978, when it averaged 7.5 per cent of the labour force.

Marginal

But the improvement in the unemployment rate is only marginal and the chances of bringing it below five per cent during the next five years or so are slight. With hindsight it is now evident that, impressive as it has been, Finland's economic growth has not been able to provide jobs for all. This fact had been disguised by large-scale emigration, in particular to Sweden where until the depression it was rela*tively easy for* Finns to take advantage of the free Nordic labour market.

Finland's growth has been to a large extent financed by foreign borrowing, which has sustained a very high level of investment in both the infrastructure and industry. With a net foreign debt still around 20 per cent of GDP, it will not be possible for Finland to revert to a policy of running a large current account deficit in the 1980s.

In a study of the medium-term prospects up to 1982, the Independent Research Institute of the Finnish Economy recently charted the trade-off between employment and the current account *balance on assumptions* which included a 3 per cent volume growth in the economies of Finland's main trading partners, moderate domestic wage increases and a rate of inflation averaging 6-7 per cent a year.

It found that the unemployment rate might be reduced to about 5 per cent by traditional demand management measures, if current account deficits of the order of 2 per cent of GDP were accepted.

An industrial committee set up by the Ministry of Trade and Industry estimated in a preliminary report last month that *annual growth rates of* 5 per cent in GNP and 6 to 7 per cent in industrial output would be needed to have any significant effect on unemployment in the 1980s. It was sceptical about the chances of reaching these targets.

Finland's raw materials are its trees and minerals. The lack of new ore discoveries limits the possibilities of expanding metal production. New sivilculture programmes have indicated that forest resources are not yet fully exploited but the high cost of wood in Finland is forcing the pulp and paper mills to invest heavily in the new products with greater added value.

In addition to being capital intensive, the country's industrial development has also been energy-intensive but Finland has so far dealt with energy crises more easily than most industrialised countries and its energy programme should prevent any serious bottlenecks from arising during the 1980s. But Finland's major resources increasingly lie in its people, in their levels of education, technical and business skills.

The Finns have opportunities open to them for further growth in the 1980s, not least the advantages that they can draw from their access to the relatively huge markets of both Western and Eastern Europe. To exploit these advantages and retain the open economy they have operated since their independence, they will have to achieve a new co-ordination of Government policy and business incentives.

Government economists and businessmen at present differ somewhat in describing the options available during the next decade. At the macro-economic level one of the most interesting strategies has been elaborated at the Bank of Finland. It is particularly pertinent because the new Prime Minister, Dr. Mauno Koivisto, as governor of the bank, developed the *theory and prompted analysis* of its possibilities. As a social democrat he was primarily searching for a new way of dealing with the unemployment problem.

The strategy was outlined early this year in a study by two Bank of Finland economists, Mr. Heikki Koskenkylä and Mr. Kari *Pekonen. Put simply*, it involves changing the factors of production so that labour becomes cheaper than capital. Its background is recognition of the fact that the current foreign debt makes it no longer possible to finance growth by capital imports and the assumption that demand for Finland's main exports is likely to grow more slowly in future.

It also eschews the policy, which would be most acceptable to the Communists and Left-wing Socialists, of heavy central government spending, financed by foreign borrowing, to stimu*late demand. Such a policy*, it is argued, would almost certainly entail further devaluation of the Finnmark and would have unacceptable inflationary effects.

Instead, the Bank of Finland economists advocate measures both to lower the growth rates in wages and indirect labour costs and to make capital more expensive by increasing real interest rates. It would conceivably be enough to lift controls on interest rates and let them find their true market level. Such measures, it is argued, would improve profitability and encourage investment in labour-intensive branches.

Incentives

It is claimed that this strategy would enhance the role of small and medium-sized businesses and offer them incentives to improve their international competitiveness by introducing advanced technology. This, in turn, would pave the way for increases in new exports, even if foreign markets were to experience a period of slow growth.

Such a strategy would obviously have to be understood and accepted by the trade unions before it could be implemented. If Dr. Koivisto is seriously thinking of trying it out, he will first have to sell his idea to the union leaders and then to their members. This might not be impossible: the chance of creating more jobs could be a good selling point. If he succeeded, Finland could be the crucible for an intriguing economic experiment in the 1980s.

Finnish industrialists have got used to an economic climate in which payroll costs outpace capital costs and in which credit rationing traditionally has been linked with relatively low interest rates. The tax structure has also been linked with relatively low interest rates. The tax structure has also been an incidental incentive to running their businesses with a high proportion of bank loans. It is understandable, therefore, if they see the problems and prospects of the 1980s from a somewhat different angle.

In a recent study of Finnish industry's long-term prospects Mr. Juhani Ristimäki, deputy managing director of the Federation of Finnish Industries, also advocated a new mix of labour and capital inputs, but he put the emphasis on productivity and the need to increase both the amount and the quality of the capital. However, his views did chime with those of the Bank of Finland economists on two key issues: the need to switch investment to light industry and the necessity for a moderate national incomes policy.

In the period between 1960 and 1975 Finnish industry *achieved a 6.2 per cent average* annual growth in output with a 2.2 per cent growth in labour input a year and a 7.6 per cent annual growth in capital investments. To give a 5 per cent annual growth in GDP in the 1980s Mr. Ristimäki postulates a 6.7 per cent growth in industrial production. This, he estimates, *would call for a 10.5 per cent* increase in annual investments, if the 2.2 per cent increase in the labour force were maintained.

But, realistically, industry can be expected to raise its labour input by at most 1 per cent. To achieve the output growth target, therefore, an extraordinary step-up in capital investments would be required unless the balance between the labour and capital factors can be improved by productivity increases.

Productivity in Finnish industry rose by an average of 2.3 per cent a year in the 1960-75 period. Mr. Ristimäki's figures call for an annual increase of 3.7 per cent during the next two decades. Is that feasible? It would demand at least a significant change in political attitudes, particularly towards incomes and tax policies and possibly also exchange rate policy. It would scarcely be possible without a change in national investment patterns from spending on housing and infrastructure to industry.

However, much more could be done by business management and the change in top management which now appears to be taking place in many Finnish enterprises could be a good augury. There seems to be a *growing understanding* that enterprises can no longer put money into lazy, low-yield investments financed by bank loans. But for a change to be effective the politicians still have to be persuaded of the value of risk capital and higher profitability.

The external influences will continue to be paramount for the small Finnish economy during the 1980s. The other decisive factor will be whether the Finns can bring about the meeting of minds among their political leaders, Government economists and business managers needed to obtain a consensus oneconomic policy and the climate for business. The opportunities are undoubtedly there and there is not so wide a gap between the thinking of official economists and business leaders. It is up to the politicians and union leaders.

William Dullforce

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President Urho Kekkonen (left) and President Walter Scheel in animated conversation after Dr. Kekkonen arrived in Bonn on his State visit to West Germany last month

Advance

CONTINUED FROM PAGE 1

...ptions to the world economy. The price paid for this suc...ssful deflation policy has been ...iemployment, which reached a ...st-war peak with 200,000 ...ople out of work. The situ...ion has improved slightly, but ...e number of jobless is still ...ing to be very high this year ...d next. Like so many other ...untries, Finland has not dis...vered the management ...ethods to equalise the trade... between inflation and em...oyment; between the external ...lance and employment.

Dr. Kovisto has moved from ...e powerful fortress of the ...nk of Finland, from which he ...uld impose monetary disci...ne, into the hurly-burly of a ...alition Cabinet, from which ... must try his hand at fiscal ...inagement.

Two recent statements by the ...emier have indicated the ...nd of his thinking about both ...e short- and the long-term. He ...s expressed concern that infla...nary pressures may be reviv... faster than expected and in ... television address posed the ...estion of whether the nation should concentrate attention on the "active" or "passive" sectors of the population. This was a reminder that a balance has to be achieved between the productive base and the demands, such as those for larger pensions, of the welfare state.

Bureaucracy

Finland has developed all the trappings and the bureaucracy of the Scandinavian welfare state without quite catching up with neighbouring Sweden either in the extent of social benefits or in industrial strength and efficiency. Finland's political parties have committed themselves to the welfare targets but the recent experience of Sweden indicates, as Dr. Koivisto has been pointing out, that a choice must be made.

Industrial investment is picking up again but from a very low level and it is by no means sure that the motivation to invest can be sustained. Despite the economic recovery, company Boards have to weigh up two negative factors: the development of their payroll costs and the very high level of debt many of them have had to take on during the recession.

Wage settlements have been moderate but the rise in nominal wages this year may well be around the 10 per cent mark and it is doubtful whether the improvement in Finnish industry's unit costs relative to its competitors will continue. Probably the rate of inflation will be kept low enough to avoid triggering off in October the wage increases which have been linked to the performance of the cost-of-living index, but the new Government's political cohesion and skills will be tested when a new national incomes agreement has to be negotiated next year.

Beyond these shorter-term considerations loom the strategic adjustments to Finnish industry which most politicians recognise to be required, but on the methods to achieve which they are still very far from reaching a consensus. Finland's impressive economic comeback remains to be consolidated.

Energy conservation a major priority

THE YEARS since the 1973 oil crisis have brought out in sharp relief the positive and negative features of Finland's energy economy: it is heavily dependent on imported energy, but its main source of supply is close to home.

The Soviet Union supplies about two-thirds of Finland's imported energy—crude, oil products, natural gas, coal and electricity. Finland pays for this with deliveries of processed goods, not precious convertible currencies. However, Soviet oil prices are pegged to world market prices, so security of supply does not mean cost stability for Finland.

Due to its long, cold winters, vast distances and the energy-intensive character of its main industries, Finland is one of the world's biggest consumers of energy, whether measured in per capita or GDP terms. It has no indigenous oil, coal or natural gas.

In 1978, 73 per cent of the country's energy consumption was met from imports, and this cost the country FM 7.22bn (£900m), well over a fifth of its total import bill. Oil accounted for 50 per cent of the 23.9m tonnes oil equivalent (mtoe) consumed and cost FM 5.5bn. The price increases so far this year will add FM 1bn to the oil bill alone.

These few statistics explain why the battle cries in the energy sector today are conservation and import substitution. They are the fundamental concepts of the energy policy programme for the 1980s recently produced by the Energy Policy Council, a government-appointed body comprising representatives of the parliamentary parties and experts in the energy field.

The council appended to its energy report an estimate of energy consumption in 1978-1990, assuming an annual average growth of 3 per cent in the GDP. It gives two sets of figures. The first ignores the impact of conservation and import substitution measures. The second takes their anticipated influence into account.

According to the first, the ratio of imported energy to total energy consumption will increase from 73 per cent today to 75 per cent in 1990. In the second calculation, the import ratio will fall to 60-66 per cent by 1990.

For oil and natural gas the ratio changes from 57 per cent today to 50 per cent in 1990 in the first alternative, but goes right down to 34-40 per cent for the second.

The council states that the public sector will have to play a more active part in implementing energy policy. Assuming that the conservation targets foreseen are achieved, a saving of 10 per cent in energy consumption is possible by 1990. The targets will require additional investments of about FM 3bn by industry and about FM 7bn by property owners (mainly house owners) spread over the coming 20 years.

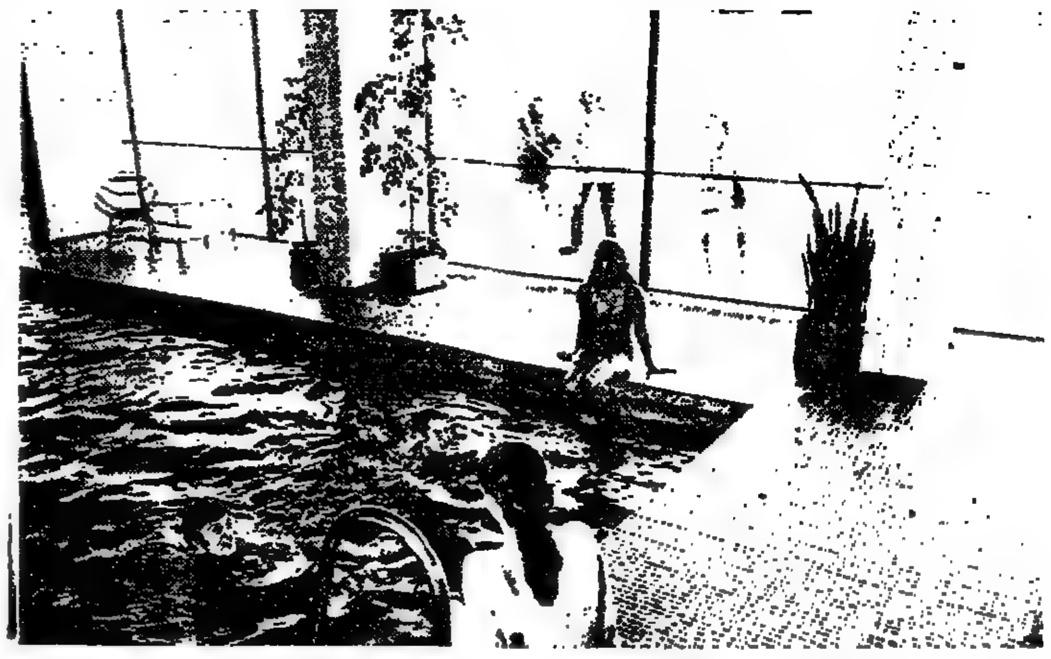
Mr. Erkki Vaara, head of the Energy Department of the Ministry of Trade and Industry, says: "Energy conservation so far has been an entirely voluntary matter. The Government has emergency economic powers to enforce savings in time of crisis. What we need now is laws to cover the intermediate situation between normal and critical."

So-called space heating, essentially the heating of buildings, is a major target for conservation. Space heating accounted for 29 per cent of total energy consumption in 1978.

Reduced

Mr. Vaara says that this can be reduced by 20 per cent, saving about FM 800m a year (at 1978 prices) in oil costs over the next ten years. It would also create about 20,000 new jobs, which is important in the current phase of serious unemployment.

There are more than 100 points for action in the Energy Policy Council's programme. The new legislation required involves several ministries and will take two-three years to implement. But there is to be no dawdling. Regulations for new buildings published at the end of 1978 call for smaller windows and triple glazing—double glazing is taken for granted in this northern country. The thickness of the insulation in external walls is to be doubled.



Economics in heating buildings and their facilities, such as this pool in a Helsinki hotel, are a priority under Finland's new energy policy

For basic repairs to old buildings the State will provide grants in aid of energy conservation. Industry will receive subsidies to lower the interest costs of building investments that save energy, including conversion to domestic sources of fuel. At present, industry accounts for 42 per cent of total energy consumption.

The scope for import substitution is limited, for the only alternative indigenous sources are peat and wood now that the economically harnessable hydro-power has been almost completely utilised. Finland has a reserve of small-sized trees whose biomass will yield 2.5 mtoe annually, more than 10 per cent of the present consumption of primary energy.

The economics of harvesting this biomass are under investigation. Peat is a bulky, clumsy material to handle: monstrous machines are required to gouge the stuff out of the swamps that cover almost one-third of the land area of Finland. However, the council programme foresees that peat could account for 7-10 per cent of total energy consumption by 1990, compared with about 1 per cent today.

There already are power stations burning peat only. Säteri Oy, a company making viscose fibre, has developed a method of feeding peat directly to oil burners, after the fuel has been reduced to pellet form in a flash drier.

Mr. Vaara is enthusiastic about the potentials of peat liquification. Research work on this has been taken quite far on a pilot plant in the United States. Mr. Vaara has proposed that the U.S. now help to finance trials on a factory scale in Finland.

Another item on the energy programme priority list is increasing the capacity of district heating from peat-fuelled plants. A study is in progress on the economies of 100-200 MW condensing power plants burning peat.

Finally, there is the potential of nuclear energy. The one Soviet-built 420 MW nuclear plant already working, its twin coming into production this year and the two 660 MW Swedish-built units coming into production soon will raise the proportion of nuclear energy in total energy consumption from 3 per cent today to 12 per cent in 1982.

More work might be done on exploring the uranium deposits in Finland, including deep drilling and the feasibility of ore enrichment. Finland has an agreement in principle with the Soviet Union for the delivery of a third nuclear power plant, this time a 1,000 MW unit.

The present view is that this boost to energy production will not be needed until the end of the 1980s at the earliest. What is needed now is a study of the economies of adding 1,000 MW to the net by nuclear or conventional power plant production.

Lance Keyworth

Architect of its own fortunes

DURING HIS recent visit to the Federal Republic of Germany, President Urho Kekkonen gave a forthright and unabashed explanation of Finland's foreign policy to the Ubersee Club in Hamburg. Finland needed neither guardians nor sympathetic "understanders." The architect of its own fortunes, Finland was a member of the European family looking after its own basic national interests.

President Kekkonen objected to the stereotypes in which Finland's image has frequently been cast abroad and to the persistence of the idea that the European countries outside the two great military alliances were helpless neutrals open to pressure. He was referring specifically to the "Finlandisation" concept, which has been common currency in West Germany and which assumes that Finland is fundamentally little more than a vassal of the Soviet Union.

He scored a point of particular relevance to his German listeners by reminding them that Helsinki was one of the three capitals of the European countries involved in the second world war which had not been occupied by hostile forces (the other two were London and Moscow). Finland's political institutions had remained intact.

The President in fact was signalling the remarkable success of Finnish foreign policy in the post-war period, a policy which for the past 23 years has carried his own signature. In Finland the President is directly responsible for the conduct of foreign affairs and Dr. Kekkonen's long reign has given them an unparalleled continuity.

Finnish foreign policy is ponderous, as obdurate as the granite forming most of the country and as unchanging as its vast expanses of forest and lake. This is an expression not only of the national character but also of geography, for as a border country to the Soviet Union its independence and the survival of its pluralistic democracy have depended on the credibility and consistency of its policy.

Anyone looking for new ideas in President Kekkonen's Hamburg speech will have been disappointed. The claim that Finnish foreign policy had become "a positive and permanent constituent of the system of balance in Europe," for instance, had been made eight years previously in Helsinki when Dr. Kekkonen launched the Conference on Security and Co-operation in Europe (CSCE). Persistence is the hallmark of Finnish policy.

This persistence proceeds from Finland's fundamental objective, which is to preserve the status quo in Northern Europe. President Kekkonen pointed out in Hamburg that the treaty of friendship, co-operation and mutual assistance between Finland and the Soviet Union does not constitute a military pact. It does, however, oblige Finland to prevent any attack on the Soviet Union through Finnish territory and provides for military consultations, if any such attack is threatened. The treaty, signed in 1948 in the aftermath of the second world war, specifically mentioned Germany.

In the light of this treaty, Finland's interests are tightly linked to keeping Northern Europe an area of stability and low tension. To be of advantage to the Finns any move away from the status quo must be in the direction of detente and disarmament.

Theory

This is one reason why the Finns are not too happy about the theory of the Nordic balance, the idea that a well armed and neutral Sweden between Finland, tied by treaty to the Soviet Union, and the two NATO members, Norway and Denmark, somehow creates an equilibrium in Northern Europe. A balance of this kind, however, can be disturbed by a military escalation on one side—such as the build-up in the Soviet base in the Kola Peninsula—which would call for a response from the other side.

The Finns would prefer any change from the status quo to be a linear development towards detente. This is why Dr. Kekkonen has persisted with the idea of creating a nuclear-free zone in Northern Europe recognised by both the super powers and why he is constantly alert to any changes in weapon technology or in the global strategic balance which could involve the Nordic countries.

Currently the Finns are concerned about the development of tactical nuclear weapons by both sides in Europe and by the possible effect of the SALT 2 agreement between the USSR and the U.S. on weapons technology. There is a parodox, here because, while the Finns welcome the new agreement as a move in the direction of detente, they are nevertheless worried that it may prompt the two powers to develop new weapons before they can get on with negotiating the next SALT agreement.

Finnish foreign policy can be charted by the carefully staged set speeches of Dr Kekkonen. His Hamburg speech was made on May 9 this year. Almost exactly a year earlier, on May 8, 1978, he gave a similar signpost address to the International Affairs Institute in Stockholm, at which he suggested that development of the cruise missile posed a special danger for the Nordic bloc.

He made no specific reference to the cruise missile in Hamburg but warned against the introduction of new nuclear weapon systems to the European scene. There was already evidence of a new armaments spiral which could threaten the security situation in Northern Europe.

Finnish officials do not disguise their fear that the Americans may develop the cruise missile and introduce it as a standard weapon to their armed forces. These missiles could be fired at targets in the Soviet Union either from aircraft or from naval vessels off the coast of Norway. Their flight paths would cross Sweden and Finland.

Intercontinental ballistic missiles would also cross the Nordic countries but at great height. Cruise missiles snaking across the landscape at heights of 50 or 100 metres would amount to clear-cut intrusions of the air space of neutral countries such as Sweden and Finland.

The American attitude is that the Finns have no reason to believe that cruise missiles will intrude on their air space but Finland has a legal obligation to prevent any attack against the Soviet Union across its territory. Cruise missiles would, therefore, add a new dimension to the strategic situation which could conceivably prompt the Russians to ask the Finns to co-operate in a defence system for tracking and shooting them down before they can reach targets inside the Soviet Union.

In practical terms there is little the Finns can do to prevent such a situation arising apart from emphasising the danger that the development of such weapons could create a new, high-tension area in Northern Europe and try to prod the other Nordic countries, including NATO members Norway and Denmark, to adopt a combined front against the introduction of the weapons. Moreover, the situation is hypothetical until the full terms of the SALT agreement are known and its effects become apparent.

Reminder

President Kekkonen's Hamburg speech did, however, contain a reminder to his audience and to the super powers that Finland, although a distant, border country, is an integral part of Europe. The implication was that as a "positive and permanent constituent of the system of balance in Europe," neutral Finland could not be subjected to change. In other words, any attempt to change the status of Finland would disturb the balance. That applies to the Soviet Union as much as to the Western powers.

The delicacy of the relationship with the Soviet Union was illustrated when Marshal Ustinov, the Soviet Defence Minister, suggested during a visit to Helsinki last July that the two countries' armed forces might hold joint exercises. The suggestion was made informally and privately but caused something of a furore when it was leaked and became public.

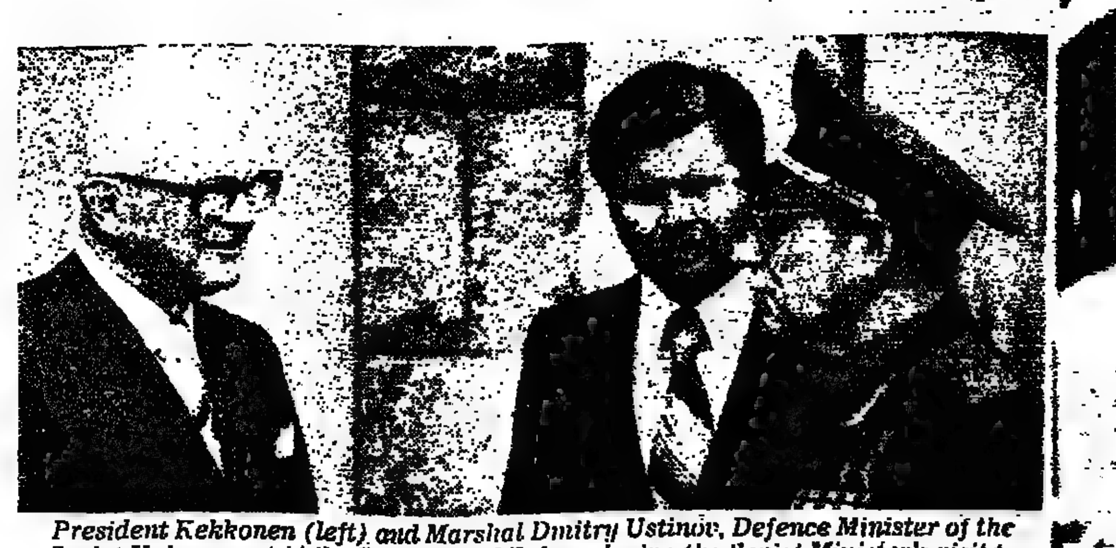
Ustinov's move has been interpreted within NATO as a warning to Norway not to go ahead with plans to stock heavy equipment for NATO reinforcements on Norwegian soil and to go slow on combined NATO exercises in Norway. The Finns discount this interpretation. They believe it was simply a "mistake" by the Russians, a misinterpretation of the reaction it would arouse in Finnish public opinion. The Finns believe the Russians have since realised their mistake.

Finland's exposed strategic situation shapes its foreign policy and the relationship with the Soviet Union is central to it, but it would be wrong to emphasise only the problems this situation produces. Finland benefits substantially from trade with the Soviet Union and from the free trade agreements it has with both Western and Eastern Europe.

President Kekkonen said in Hamburg that he could even see moral values in the modus vivendi Finland has developed with the USSR. Finland's foreign policy was not a balancing act between rival power blocs but an instrument through which Finland could both bolster its own security and work within the world community.

Foreign policy looms larger on the Finnish domestic scene than in almost any other country. It is the cement which binds all political parties from the majority wing of the Communist Party to the Conservatives because, whatever the nuances, they all recognise the fundamental realities involved in ensuring their country's continued independence. This broad consensus should ensure that continuity in Finnish foreign policy will be maintained when President Kekkonen leaves office in 1984.

Hilary Barnes



President Kekkonen (left) and Marshal Dmitry Ustinov, Defence Minister of the Soviet Union, meet at the Presidential Palace during the Soviet Minister's visit to Helsinki last July

Banks keep a firm hand on the markets

IT IS a slightly eccentric trait of the Finnish banking system that loans to the public exceed deposits from the public. There is nothing very mysterious about it, of course. The difference is made up by bank borrowing from the central bank. But for the first time for years the situation is currently moving towards balance.

This helps to explain a number of important innovations in credit policy. During recent years the central bank has exercised control over domestic credit by regulating the size of the following quota, but this month the quota was reduced from FM 500m to FM 200m. Not long ago the quota was several billion markka.

The central bank has therefore developed other instruments of control. In March it introduced a cash reserve system. The system was activated in two stages and reserves are now 0.80 per cent of deposits. Further increases are expected since liquidity is currently growing fast as a result of a current balance of payment surplus and substantial capital imports.

Interest rates are politically fixed. The discount rate is 7.25 per cent; the only market in which interest rates are flexible is the cold money market, which is the second new instrument of credit control. It was established in 1975 and is becoming increasingly important.

- Its primary function is to even out liquidity differences between the banks and to take account of seasonal variations.
- It is, however, also being used as a means of soaking up liquidity generated by the Government budget deficit.

The total sum of outstanding call money debt was increased this month from FM 4bn to FM 5bn, mainly to facilitate the incorporation into the market of Postipanki, the post office bank, which is banker to the Government.

As Government finances have sometimes come close to the point where next month's wages were in danger, Postipanki has had to maintain a very high liquidity ratio. The access to the call money market is intended to ease the position which arises for both the Government and the bank when the Government gets its liquidity forecasts wrong.

The other commercial banks may feel that this is a new move to increase Postipanki's competitive edge, although the central bank insists that the iniative was entirely its own. The State-owned Postipanki has an interesting role, not only as banker to the Government but as an increasingly aggressive competitor to the other banks.

Fluctuate

With total assets of FM 12.5bn at the end of 1978 (compared with FM 16.2bn and FM 16.0 bn for the two main commercial banks, Kansallis-Osaki-Panki and Union Bank), the bank is not subject to the bank inspectorate but to the Ministry of Finance. It does not have a credit quota with the central bank. It is supposed to follow central bank credit policy, but in practice its fortunes tend to fluctuate with Government finances. As these are healthy today Postipanki has been able to increase its lending at an annual rate of over 20 per cent in the first quarter.

Postipanki has increased its international business especially fast. It only obtained permission to carry out foreign business in 1970, and this business has now grown to FM 7.4bn a year. This reflects the important role which the bank plays as banker to large industrial and commercial customers, a business it has developed strongly in the past few years, partly on its own initiative but also with the leverage of the recently established State Investment Fund, set up under the Ministry of Finance and administered by Postipanki to provide soft loans to industry.

Postipanki is setting up a representative office in London this year and plans to turn it into a wholly owned subsidiary later. This will make it the first Nordic bank with a normal commercial banking unit in London, although other banks are represented by the Nordic Consortium Banks.

Kansalles and Union Bank have also internationalised fast recently. They began 15 years ago together with other Nordic banks in forming the successful Nordic consortium banks. Kansalles is joining Copenhagen Handelsbank and Den Norske Creditbank in Svenska Handelsbanks Nordic American Bank in New York. Union Bank is waiting to see how New York's attitude to foreign banks develops before taking a similar step. Skop, the central bank for the savings banks, has also decided to open a representative office in London this year.

Skop, Kansalles and Union Bank all have wholly owned subsidiaries in Luxembourg which are used to assist Finnish business in Europe. Union Bank has taken an interesting initiative this year by setting up a team in Luxembourg as a corporate service unit. Their job is to assist small business by finding export channels and connections. "We know so many companies with a good product but no marketing, so we are doing some export promotion," said Mr. Erik Stadigh, general manager of Unio[illegible] Bank's international division.

While the Finnish banks a[illegible] going abroad, foreign banks a[illegible] not permitted to operate [illegible] Finland except with representa[illegible]tive offices. The new Bank A[illegible] which came into force in 197[illegible] did not change this situatio[illegible] but a new Companies Act [illegible] going through Parliament a[illegible] this will allow the Governme[illegible] to license foreign banks fro[illegible] January 1, 1980. Mr. Ju[illegible] Linnamo, director of the ba[illegible] inspectorate, said that seve[illegible] foreign banks have express[illegible] interest, but it is regarded [illegible] doubtful whether the Gove[illegible]ment will actually agree [illegible] license foreign banks.

Deficit

The banks are now operati[illegible] in easy liquidity conditions a[illegible] result of a payments surp[illegible] and a Government bud[illegible] deficit, which is being financ[illegible] to a considerable extent [illegible] borrowing abroad.

Under former governor, n[illegible] Prime Minister Mauno Koivis[illegible] the control of credit expansi[illegible] played a crucial role in bringi[illegible] savings and investment i[illegible] balance and thus eliminati[illegible] the current external deficit. B[illegible] the rate expansion of bo[illegible] bank deposits and ba[illegible] advances is again rising to t[illegible] level which tipped the curre[illegible] account into deficit at t[illegible] beginning of the 1970s. Ba[illegible] deposits rose by 14.6 per ce[illegible] in the 12 months to Mar[illegible] (commercial bank deposits [illegible] 17.2 per cent) and advances [illegible] 11.2 per cent.

The authorities have give[illegible] plenty of indications of t[illegible] threat of renewed inflation, a[illegible] a tighter grip on credit expa[illegible]sion is very much on thei[illegible] minds.

H.B

USSR still heads the trade list

AFING IDLY through the ges of old files in the Comrcial Department of the nistry for Foreign Affairs, an cial was struck by the fact t 100 years ago Finland's in trading partners were ssia, Germany and the United ngdom.

Today, the ranking list is the iet Union, Sweden and the ieral Republic of Germany. ain has fallen to fourth ce. As far as anyone can esee in these uncertain times, order will stay the same oughout the 1980s.

One thing seems certain, and t is the continued preninance of Western Europe EC plus EFTA) in Finnish eign trade. This area took ut 60 per cent of Finnish orts and supplied about 57 cent of Finnish imports in 8.

The Soviet Union's position at head of the field is probably ssailable now. The only stion is by how much this l will lengthen.

innish-Soviet trade is about planned and organised as it be in the face of soaring oil es, gyrating exchange rates the looming problems of th-South trade. It is still ed on five-year framework eements with detailed lists of orts and exports. These are n translated into still more iled lists year by year.

Superimposed on this is the nish-Soviet Long-term Pronme for the Development Intensification of Economic, mercial, Industrial, and ntific and Technical Co-ation until 1990.

This programme was signed May 1977. It must be ssed that it is a programme, an agreement. But it is ected to help Finnish istry make longer-term prolon and investment plans its exchanges of goods with Soviet Union.

ack

is also intended to take out slack that comes at the nning and end of each year period. There is lly a lag time before long- deliveries (icebreakers, ines for pulp and paper , and so on) get under way, another at the end of the ear period when the long- contracts have been leted.

e Finnish engineering and uilding sector is experienc- lag now as the 1976-1980 ment runs out. Negotia- for the 1981-1985 period just started and should be uded early in September.

out two-thirds of Finland's ty imports come from the t Union, including most of rude oil. The oil is sold orld market prices, and what havoc the oil crisis ed on the most carefully- plans can be seen in the tics for the two five-year ds 1966-1970 and 1971-1975. the earlier period Finnish- t trade increased by the average of about one- but in the second the ase was no less than 117 ent. The trade is bilateral. volume of oil imports did ncrease significantly, but alue did.

the trade must be kept ly in balance over each ar period, Finland had to p its exports to the USSR to pay for its swollen energy bill. It suited the Finns well enough, for the alternative would have been to find convertible currencies and join the scramble in the free energy market.

So far, exports to the Soviet Union have been mainly manufactured goods and building projects across the border, while imports from that country have been chiefly primary products — two-thirds comprise crude, oil products, coal, coke, natural gas, electricity, and nuclear fuel services.

As long as the trade is bilateral, and as long as oil prices rise, Finland will have to find other goods to buy from the Soviet Union, which is anxious to step up its sales of more processed products.

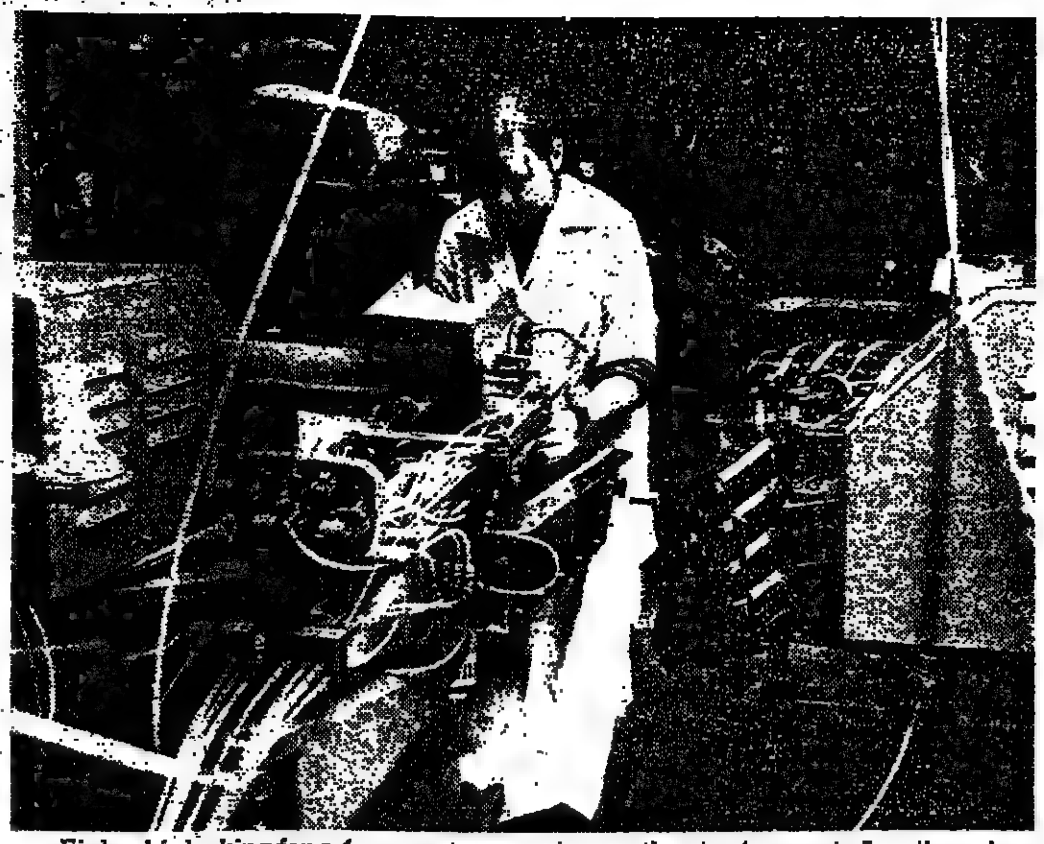
According to the target estimates given in the long-term programme, Finnish imports of Soviet machinery and equipment will be increased considerably in the five-year period 1981-1985, but even then will account for only 5 per cent of total imports.

The solution to this problem will be one factor influencing the Soviet lead in the Finnish foreign trade listings. At present, the Soviet Union accounts for nearly one-fifth of total Finnish foreign trade turnover. It seems likely that this will increase to a full 20 per cent this year.

How much the lead will lengthen will also depend on another factor, according to a senior Finnish official. This is the state of the economy of the West European countries that make up Finland's most important market. The trend in the past has been that when exports to Western Europe expand, exports to the Soviet Union show "normal" growth. Present OECD forecasts point towards a recession in the next year or so rather than a reinforcement of the current upturn.

Finland is satisfied with its agreement on free trade in industrial goods with the EEC and is looking forward to 1984 when the last tariff barriers are dismantled, especially for paper products. For the interim period until then the headache is North America. As the same Finnish official put it: "We wish the U.S. and Canada the best of economic health, because they will consume all the paper they produce."

When the U.S. economy catches a cold, both U.S. and Canadian producers start offloading their marginal surpluses of paper in the West European market, and they are highly competitive although Finnish exporters are more or less playing on their home ground in Europe.



Finland is looking for a 4 per cent economic growth rate. A scene in Lassila and Tanoja, a factory at Seinajoki, Western Finland, which manufactures shirts dresses and trousers

Preferential

This lent added importance to the last round of GATT negotiations in Geneva. Finland came away "pretty satisfied." Its preferential treatment within the Common Market vis-à-vis North America was maintained, and the codes on non-tariff barriers were accepted.

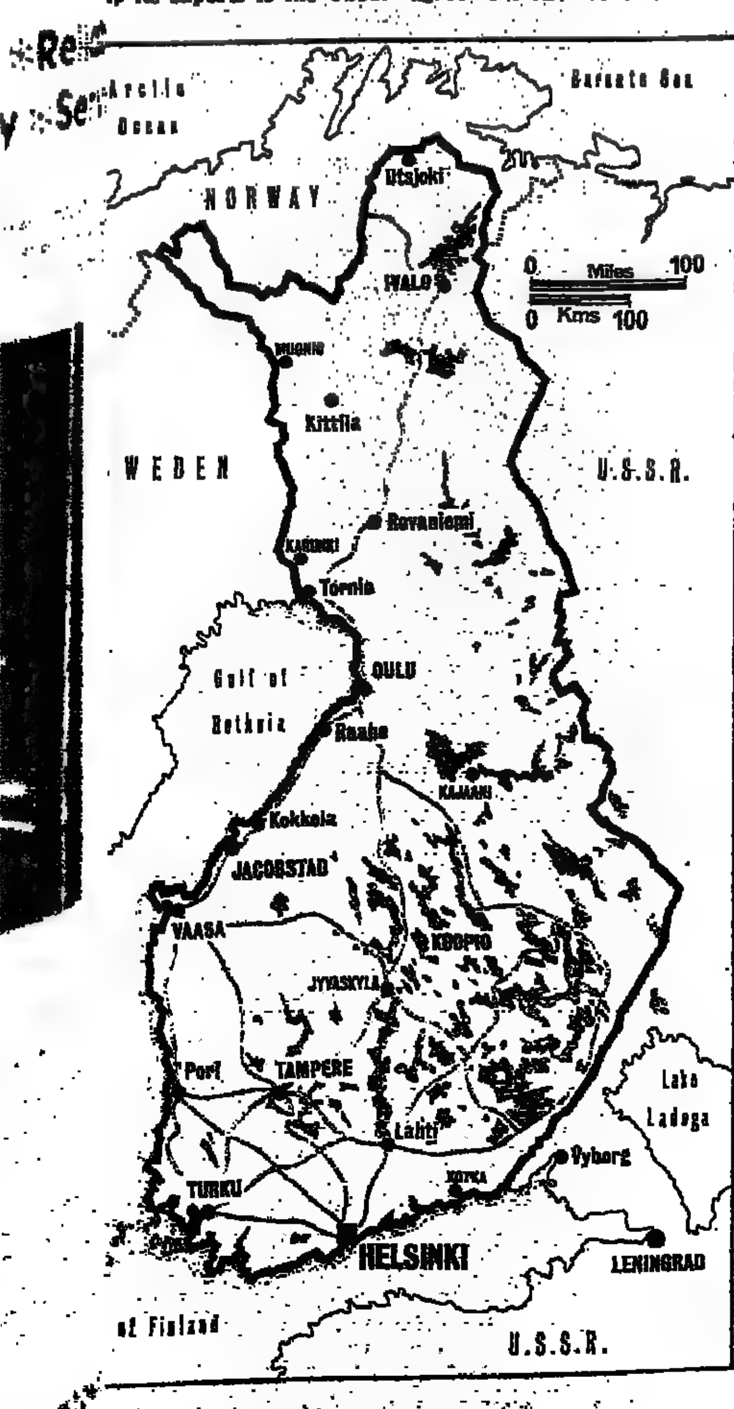
A relatively new trend is Finnish exports in project marketing in overseas — as opposed to European—markets. Finnish builders, consultants, engineers and others have won a firm foothold in the Middle East oil-producing countries and parts of the African mainland. Now they are looking still further afield.

Recently they won two large orders in the Philippines worth FM 1,100m (£138m), one for a complete pulp and paper mill, the other to open a copper mine. More orders are in the pipeline. The Latin market is receiving increasing attention, but not as much as it perhaps deserves.

An economic growth rate of about 4 per cent a year will be required in the 1980s if the present serious unemployment problem is to be beaten. This, in turn, will require, according to one recent estimate, a 6-7 per cent expansion of exports annually.

The latest forecast for 1979 is a 6 per cent increase in exports, but only 2.8 per cent in 1980. One longer-term forecast for exports in 1979-82 is an annual average growth of 5 per cent, which is getting near the mark. But it leaves no room for complacency or for unexpected setbacks, such as oil price increases.

Hilary Barnes



Turn for the better in forestry sector . . .

FINLAND'S FOREST industry has just emerged from a four-year period of severe recession. Given that reference point, and discounting the magnitude of the change by the general relief at its long-awaited appearance, it has entered what might be called a good period. Now there are grave doubts about how long that can last. Today's smile of relief may be tomorrow's all too familiar frown of worry.

The conventional method of analysing the short-term performance of an industrial sector according to the percentual changes in volume or value can give misleading results when the period of comparison was an "abnormal" one. Given this reservation, here are some numbers indicating the improvement in the results of the Finnish forest industry in 1978-1979.

The year-on-year volume growth of exports in 1978 was 17 per cent and the value increase nearly 20 per cent. The forecasts for 1979 are 7 per cent and 18 per cent respectively. In the course of the current year the volume of forest industry production will return to the 1973 pre-recession level, and the same will be true of the volume of exports.

Sawn goods exports should increase in 1979 by about 1 per cent to 5.5m cubic metres, plywood by some 3 per cent and other board qualities by 5 per cent. The biggest relative increases in export volume are forecast for pulp, which might rise by 17 per cent to 1.8m tonnes, and for paper, which is expected to grow by 8 per cent to nearly 5m tonnes. The paper group comprises paper, board, and converted products of paper and board. The corresponding value increases also look good, especially the 53 per cent rise for pulp which has been the leading loss-maker in the forest industry for years.

But the value estimates for 1979 are nominal. Using a price index in which 1974 = 100, the real prices in 1979 (that is, nominal price deflated by the wholesale price index) are about 25 per cent below the 1974 level for sawn goods, 5 per cent under for bleached sulphate pulp, a couple of per cent higher for newsprint and more than 30 per cent lower for kraftliner. Nineteen seventy-four is chosen as the reference year because that was the first full year after the oil crisis and before the period of real economic recession in Finland.

In presenting these figures to the Press, Mr. Matti Pekkanen, managing director of the Central Association of Finnish Forest Industries, likened the Finnish forest industry to a ship that ran aground three or four years ago and has recently been refloated. The pumps must still be manned to get rid of the water that poured in and upset its trim.

Specifically, the problems are weak profitability, precarious international competitiveness and the heavy debt load incurred during the pre-recession investment boom which resulted in high debt management costs that increased during the bad years when net earnings were insufficient to meet interest and amortisation payments.

Part of the new plantings of trees needed to keep up with the world demand for wood and paper

Weakened

Three fairly large wood-processing companies required a massive rescue operation by the private banks and the public sector to save them from bankruptcy during the recession years. The largest corporations have come through, but much weakened. Still, even in the 12 months since mid-1978, when the upturn really started, they have managed to get things more shipshape, and the rehabilitation process is continuing apace. The upturn should continue into early 1980—that is the most that anyone will predict just now—so they should have another year of peace in which to continue the work. Or so they thought until recently.

Prime Minister Mauno Koivisto, whose Government took office in May this year, has said that a new wave of inflation is the greatest danger facing the Finnish economy today. As the long-time Governor of the Bank of Finland he should know, and for a Social Democrat he enjoys extraordinary confidence in the business world. Inflation both of domestic origin and imported will be countered, according to his Government's programme. And a revaluation of the Finnmark cannot be excluded, he said, as a means of containing imported inflation.

This observation followed closely on a demand from Left-wing economic researchers for a revaluation and a levy on export earnings, meaning in essence forest industry export earnings. According to one calculation the de facto 0.9 per cent revaluation effected by the Bank of Finland a few weeks ago will cost the forest industry FM 130m (£16m) in lost earnings this year.

The forest industry argues that what it is enjoying today is not windfall profits but a restitution of some of the losses it suffered during the past three years of deficit operations. It can scarcely make the necessary replacement and rationalisation investments, let alone consider enlargement of capacity. There is hardly a company that has been able in the past three years to make more than a third of the depreciation needed. If the predicted investment volume in the current year is achieved (approximately FM 2bn), it will still be only a half of the investment volume in the wood-processing sector in 1975.

What the forest industry is asking now is to be allowed to get on with its plans for the immediate future without artificial interventions such as revaluations and levies. It would also like to see some longer-term decision on tax policy. At present productive investments in machinery and buildings will enjoy turnover tax reliefs until the end of this year. These reliefs were introduced a couple of years ago, but only for short periods at a time, which is hardly conducive to longer term planning.

Only one Finnish company has placed a definite order for a new paper machine this year, but four more are likely to place orders in the near futu There are also a couple of c version plans in the offing, fr newsprint to fine papers u from sackkraft to newsprint. the pulp branch, there will more emphasis on t mechanical than the chemi side. Enlargement of sawm ing, plywood and other boa capacity is unlikely in the n future.

Most branches of the for industry are working at or n capacity today. World foreca suggest that the consumption paper will increase by average of 3 per cent a ye Thus new capacity will needed, but when Finland w build it depends on what happening elsewhere in world.

The Finnish industry watching the North Americ situation closely. If there is recession there later this ye North American producers w be seeking outlets for th surplus capacity in the Eu pean market. As they can s at very competitive pric Finnish producers may fi themselves squeezed once ag in what is their main mark area.

L.I

. . . but problems remain for the 1980s

THE FORESTRY industry provides over 40 per cent of Finland's export income and a substantially higher proportion of net export earnings. It exploits the country's largest single natural resource, a renewable one. Thus, the national interest demands that the industry be effective and competitive, and public policy in the long run can hardly ignore this demand.

This premise has to be stated when speculating about the prospects for the pulp, paper and saw mills during the next decade, because they have just experienced a rough period, when few, if any, were running at a profit. This period of depression lasted longer than expected, bit deep into company finances and exposed weaknesses.

The industry will enter the 1980s in some turbulence. Its shape at the end of the decade will depend partly on market developments abroad but also on decisions which have to be made by both Government and individual companies to resolve problems. The better results expected from this year's trading cannot conceal the difficulties, although at worst they might lead to the postponement of the decisions for a year or two.

Some of the decisions will be political and controversial. They concern the balance between farm and industrial earnings, taxation and exchange rates. They are likely to raise the issue of the degree of state intervention in the operating of the forest and the allied processing branches. Most probably the Finns will emerge with the pragmatic solutions at which they usually arrive when a national interest is at stake.

The internal difficulties which the Finnish pulp and paper industry will have to overcome in the 1980s are the high cost and irregularity in the supply of their raw material, and financial management practices which have left them with extraordinarily large debts. The external threat comes from the North American producers, whose costs are sufficiently low to enable them to compete on the West European market. At a later stage the developing countries, such as Brazil, whose fast-growing plantations will give them a price advantage, will be able to take over some traditional Finnish export qualities.

The raw material problem is not primarily that of the limits to the total supply. The amount of wood cut in recent years has fallen short of the allowable cut and the annual increment. The three MERA programmes to improve silviculture demonstrated that the wood supply can be raised further before the ultimate limit is reached.

The Forest Research Institute calculates that a 10 per cent increase in the allowable cut to some 66-67m cubic metres a year is possible between now and the end of the century. Finland has been importing annually some 5m cubic metres of raw material from the Soviet Union. If that import is continued, the present allowable cut would exceed the timber requirements of the present industry, even when it is working at full capacity.

Ownership

The restraints derive from the high cost of the wood and the forest ownership pattern. Costs have been boosted by the political aspiration to provide farmers and forest workers with incomes comparable with those of industrial workers. They are also kept high by an ownership pattern which makes rational harvesting difficult. The average size of a forest holding in Finland is 35-40 hectares.

Under these conditions the Finnish pulp and paper mills start with a severe competitive disadvantage in raw material costs compared with mills in the southern U.S. and Canada. In the Southern States, in particular, the growing time of the trees is far shorter and plantation sizes facilitate rational, large-scale harvesting. Mr. Aarno Esila of Jaakko Pöyry, the forest industry consultants, calculates that wood under bark costs $35 a cubic metre at a Finnish mill compared with around $20 a cubic metre in the southern U.S.

The ownership pattern produces another major problem which will have to be solved in the 1980s and which perhaps more than any other raises the question of state intervention. It affects the regularity of the timber supply to the mills.

Around 72 per cent of Finnish forest land is privately owned, with only about 8 per cent belonging to companies. In the remaining 64 per cent there has been a steady shift in ownership away from working farmers to people who do not depend on the income from their forest holdings. Their plots have mostly been inherited and are regarded as an object of capital appreciation and a leisure facility as much as a source of income. It is estimated that about a quarter of forest land now belongs to these so-called "passive" owners.

For them the sale of timber is a marginal source of income. They can wait for the peak price or they can fell trees to pay for a heavy investment such as the buying of a house. They are influenced by the relatively high marginal tax rates they will have to pay on their timber sales. Their behaviour does not contribute to a regular supply of raw material at stable prices for the wood-processing branches. This year their resistance to the current prices offered threatens some mills with stoppages for lack of raw material.

The issue is red hot politically and divides the two mai parties in the governing coal tion, the Social Democrats an the Centre (formerly Agrarian Party. The Centre Party claim that taxation on forest owner is too high and that since 197 they have experienced bot lower returns from the sale o timber and higher tax charges The Social Democrats, backed by the Communists, stress th increase in the value of fores holdings and the necessity o ensuring an adequate supply o wood for the mills.

The central organisations of the mills and the farmers, which already negotiate recommend timber prices, are now trying to work out a voluntary agreement on the volume of supplies as well. It is difficult to see how this could be organised and how it could cover the "passive" owners.

Adjust

The forest industry organisation is currently working on the idea of a price equalisation policy, which by preventing violent fluctuations in price could ensure a more stable supply of wood. The difficulty would seem to be how to adjust such a guarantee to the fluctuations in, say, pulp and newsprint prices on the export markets.

A review of the tax system is another suggestion mooted. State subsidies are recognised to be a dangerous solution, not least because of the hostility they can be expected to arouse within the EEC. In any case the issue will have to be solved soon, either voluntarily or by State intervention, if the mills are to operate rationally in the 1980s.

Whatever the outcome the mill managers know that they will have to live from now on with high raw material costs. The implication is that they will need to develop new product mixes during the next decade

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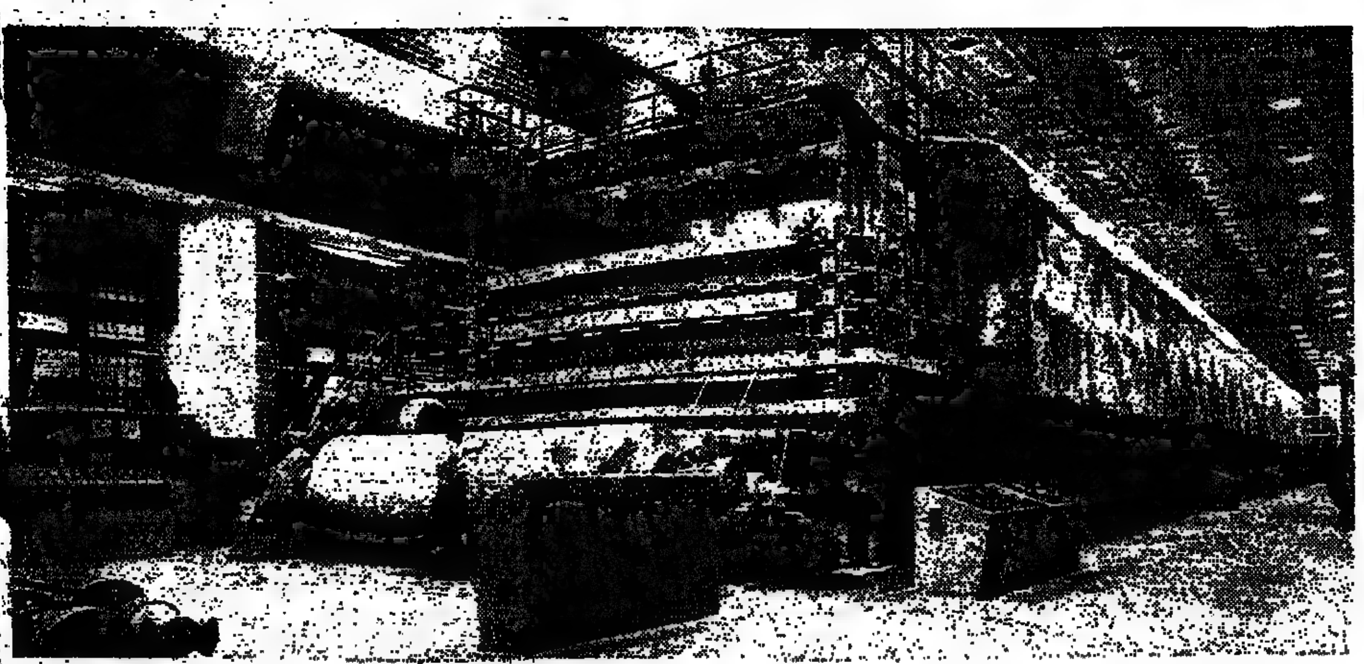


Finnish manufacturers of machines for the pulp and paper industry know they must maintain a technological advance if they are to keep their market share

Paper machinery sales boom

ANDS PULP and paper inery manufacturers have ome wind in their sails this The most spectacular evi- for the pick-up has come the Philippines, where Finnish companies shared Sweden's Stal-Laval a n contract for a pulp and r mill on the island of anao, but older customers also been placing orders.

e TVW group, for instance, has an order book worth $325m, which is twice as as it was a year ago and es the three companies in- d of being able to operate rmal work load at least the end of 1980. About 80 ent are export orders. The has been averaging al sales of about $100m but year turnover could be st doubled.

npetition on the world et remains tough, however. is still considerable over- ity in the engineering of ines for the pulp and paper try and the Finnish pro- s know they must main- a technological advance if are to retain their 15 per hare of the market.

y are making a consider- effort in research and de- nent both to improve the ncy of their traditional lities and to produce new ets for developing coun- which need to exploit al raw materials. The have continued in the ear to expand their sales manufacturing bases d and are geared to pro- he turnkey package deals expect to become increas- common. se will involve not only ry of equipment but also gement assistance and ng.

oupings

Finnish manufacturers e in three main groupings. TVW group comprises alla, a board machine list; Valmet, which con- tes on large, high-speed machines; and Wärtsilä expertise lies in paper ng equipment. Rauma- a is a world leader in pulp- g machinery and has a ration agreement with the largest paper ne manufacturer. ström specialises in heat- mbustion technology and re recovery processes. It part of the Kamyr group, ich the other members are ads Mekaniska Verkstad ging to Sweden's Johnson and Myrens Verksted, a diary of the Norwegian ner group. Kamyr is the t in the world in continuous digesting and bleaching equipment for pulp mills. It has been estimated that about half the pulp produced in the world passes through Kamyr equipment.

All the Finnish companies are conglomerates whose forest industry machines are one product sector in a spread ranging from pulp and paper goods to several types of engineering operations. The pulp and paper machinery business was developed after the 1939-45 world war, when the Finns had to pay reparations to the USSR, and the Soviet market remains a major and expanding source of orders.

North America and the Nordic bloc have been the other major markets. Tampella, for instance, has sold 13 board machines to North America and in the first two months of this year announced two rebuilding orders. Valmet paper machines are common in the U.S.

Increasingly over the last few years, however, the Finnish companies have been gearing up to exploit other areas of the world. All now have some involvement in Japan and South America. The TVW group licenses Sumitomo in Japan and won its first order there this year on a market which has been a traditional Beloit stronghold. The group also set up a sales office in Singapore last October.

Ahlström sells its pulp-making equipment in Japan through the Gadelius trading company, which is a subsidiary of Svenska Fläkt of Sweden. It also has an agreement on paper-making equipment with Kobayashi.

All major Finnish companies are establishing themselves in Brazil. The TVW group expects to start building an engineering plant at Campinas this summer in co-operation with the Brazilian Pilao group and the Brasilinvest investment company. This is an investment of close to $20m, of which TVW's share is 47.5 per cent.

Rauma Repola has announced plans to set up a manufacturing base together with Beloit and a Brazilian partner, Montero Aranha, at a neighbouring site in Campinas. The Kamyr group, in which Ahlström is engaged, has started producing bleaching plants in Brazil and has received its first orders.

The $200m Phillippine contract concluded with Manila Paper Mills in May this year is an example of the packaged projects the Finns are now providing.

The Finnish consulting company, Ekono, will hold the management contract and was responsible for organising the consortium to build the pulp and paper mill, which will have an annual capacity of 190,000 tons of bleached sulphate pulp and 165,000 tons of fine and printing papers. Wärtsilä's share of the contract is about one-third and covers the fibre line, the coating and finishing machinery as well as water and waste treatment plants.

Another third goes to Valmet for two paper machines and other equipment for the paper mill, while Ahlström will take about 20 per cent of the order with its boiler and chemical recovery equipment. The mill is expected to go on stream in the first half of 1982.

The Finnish manufacturers can benefit considerably from having as their compatriots Jaakko Pöyry, the world's leading forest industry consultants, and Ekono. The latter company is also responsible for building a sulphate pulp mill in South Korea, for which two Finnish companies won orders last year. Rauma-Repola delivered the main machinery, worth about $18m, for the fibre line, while Ahlström supplied a soda recovery boiler, an auxiliary boiler and a lime kiln.

Know-how

Other Finnish companies have started to sell pulp and paper-making know-how. Early this year, for instance, the State-owned Enso-Gutzeit company signed a technical co-operation agreement with a Honduras concern. This covers the building of at least two sawmills, constituting the first phase of the Olancho project, a $600m development plan for the wood resources of central Honduras.

The Finnish companies calculate that their main markets will continue to be in the Nordic area, North America and the USSR, where long-fibre raw materials predominate, but they have also charted a growing need for short-fibre technology in countries starting up pulp and paper production. These countries frequently want to make paper from a variety of raw materials and, because the market is not large enough for one product, they also want a varied product mix.

The TVW group, in particular, has concentrated on developing this type of technology. Last year it completed a machine for Argentina which manufactures newsprint from short-fibre willow and started up another newsprint machine in Peru based on bagasse. Recognising that developing countries will need multigrade machines, the group has experimented with and is ready to offer equipment designed for the complicated product mix which, for instance, new mills in South-East Asia may be expected to demand.

One strength of the TVW group is that all three constituent companies possess, or have access to pilot machines, on which they can experiment with the use of different kinds of short-fibre materials, such as bagasse and tropical hardwoods. Valmet carried out lengthy tests in its research department before it could produce a satisfactory newsprint for the Argentine mill.

The Finns are not neglecting markets closer to home, however. Both Ahlström and TVW have staked out positions in France in anticipation of the delayed restructuring of the French paper industry. Ahlström has a 97 per cent holding in Pierre Hansen while this year TVW took a stake of over one-third in the Allimand company, with which it had previously had a licensing agreement.

This investment opens up several interesting prospects for TVW. It offers another channel into the EEC market and also the possibility of exploiting Allimand's present connections in French-speaking areas and such countries as Turkey and the Philippines. Not least it could enable TVW to participate in projects financed by French export credits.

TVW also set up a sales office in London last year with an eye mainly to finding modernising jobs at the British mills. Valmet has picked up an order from the North of Ireland Paper Mill Co. for a tissue paper machine.

The strategy which the Finnish manufacturers are developing for the 1980s is already taking shape. They will continue to rely heavily on their traditional markets and can expect to win a considerable share of the regular rebuilding and modernisation orders but as high-cost producers they will have increasingly to concentrate on the more difficult, technologically advanced components in pulp and paper making.

For the heavier, conventional equipment, countries with lower labour costs will be strong competitors. The Finns will specialise—in the more complicated wet end of the manufacturing process, in combustion and recovery techniques—and seek to achieve world-wide dominance in specific segments of pulp and paper making. Their exports must grow, which in turn implies that they must build more machines outside Finland, sub-contracting the simpler operations to local companies.

W.D.

roblems

CONTINUED FROM PREVIOUS PAGE

o organise the marketing new products. In turn should logically lead to r integration with foreign ts and to close co-opera- with foreign manu- ers.

Finnish mills will have itch to products in which ood input is lower per finished product and to ies which can draw advan- from Finland's slow- ng, long-fibre raw material. es about five cubic metres ood to make a ton of ed sulphate pulp at a of 50 per cent: about 2.5 metres of wood is needed ke a ton of newsprint at d of 90-95 per cent.

pattern for the next must be to close down non-integrated sulphite mills and to invest in o-mechanical pulp plants basis for newsprint and printing papers. But, even Finnish mills can con- to be competitive in such products, they will also to make more specialised s, selling in smaller lots therefore demanding a extended marketing isation.

se changes will call for investment, and the big on is whether the pulp and companies can generate pital needed. After four of little or no profits the o debt of the Finnish companies is larger than their annual turnover. Debt repayments are consuming on average 10 per cent of turnover. Only a few companies are in a sound enough financial position to envisage the investments called for in the 1980s.

But the pulp and paper industry is notoriously subject to wild fluctuations and companies can make a lot of money when the market is good. A period of two or three years of high profits, such as the Finns enjoyed in 1972-74, could transform the picture. The current year promises to initiate a substantial recovery, but no Finnish manager is yet prepared to bet that it will last long enough, and should another recession come in 1980 many Finnish companies would be badly squeezed.

At this point one must look at the role of the Finnish commercial banks. Finland does not have a capital market of the kind operating in America or Britain, and the pulp and paper companies are financed chiefly by bank loans. Their equity/debt ratios are ridiculously low by American standards, and by the same comparison the Finnish banks are widely over-committed in their lending to the pulp and paper companies.

The same applies to most Japanese businesses, and arguably it does not matter much, provided the companies generate sufficient earnings to cover the cost of the capital and provide some equity for expansion. The Finnish pulp and paper companies have not been doing this recently. Jaakko Pöyry's studies show that, while their American rivals have been averaging gross returns on capital employed of between 15 and 20 per cent over the past five years, Finnish average returns have sunk to 5 per cent or less.

Investment

The size of bank lending to the Finnish companies turns it into a de facto equity investment, but the banks have hardly been behaving as shareholders in a market economy. They have not made their investments in the pulp and paper companies conditional on sound financial management and the generation of an adequate return.

The situation may be changing. New, younger managers have started to appear at company helms. The mills have been laying off employees and labour productivity has certainly improved. But if they are to be in a position to meet another recession and to make the investment needed in the 1980s, capital productivity must also increase and equity ratios be improved.

These steps depend not only on the behaviour of the banks and company managers but also on political acceptance. The pulp and paper companies must be allowed to raise their profit targets without political reaction. The alternative would be greater state involvement in the financing and running of the companies. Or, if the political parties retreat from such a commitment, then exchange rate policy must be geared to keeping Finnish pulp and paper competitive on foreign markets, but it is hardly conceivable that Finnish exchange rate policy can be tied solely to the needs of the forest industry.

Seen from the company level, prospects for the 1980s depend firstly on developments in the world economy and the growth in general demand for pulp, paper and board products. But against the background sketched above one can postulate that not a few companies will be seeking to disinvest from less profitable areas in order to generate the capital they will need to switch to a new strategy.

There will probably be some mergers. Companies will be investing more abroad and possibly more than in the past will be looking for foreign partners. This trend has already started. Kymi Kymmene led the way with its investments in Britain, West Germany, France and the U.S., but others—Ahlström, Tampella and even the state-owned Enso-Gutzeit—have started to follow.

W.D.

More confidence in the shipyards

ONE OF the main streets of Helsinki rises slightly as it approaches the Lutheran cathedral and in the distance one sees three enormous yellow blocks, reminiscent of three small power stations.

When you reach the top of the hill they reveal themselves to be the superstructure of three great icebreakers, moored in the harbour after the winter's labours. It is a striking introduction to one of the specialities of Finnish shipbiulding.

Over the years the Wärtsilä company's Helsinki shipyard has delivered 42 icebreakers for use on rivers, lakes and in the Baltic and Polar regions. It has two on order currently.

Apart from deliveries to domestic owners, most of the icebreakers have been sold to the Soviet Union, but the latest delivery, the Almirante Irizar, of 14,900 tonnes displacement, went to Argentina, to be used as a combined icebreaker, research vessel, passenger ship and rescue ship in the Antarctic.

Finland's shipbuilding industry has not come through the world recession unscathed, but the scars are less vivid than in many other countries and there is a confidence not found in many other countries that the industry will come out of the recession with its capacity intact and without the closure of any major yards.

The specialisation, of which the Wärtsilä icebreakers are characteristic, is one of the reasons for this. The yards of Wärtsilä, Rauma Repola and Valmet, the three main shipbuilders, build a wide range of vessels, including roll-on, roll-off ships, car-passenger ferries, gas carriers, barges and barge carriers, luxury cruisers, tankers and bulk carriers.

They aim to build vessels for special purposes in short series. This diversified production has helped them to come through the recession in relatively good shape.

Finland's trading links with the Soviet Union are important for the shipyards. Deliveries of Finnish ships are one of the major items in the five-year trade agreements between the two countries, and in principle it has been agreed already that in the next five to ten years ships should be even more prominent. Therefore, as long as the yards are able to build at competitive prices, Finnish shipbuilders can see light at the end of the tunnel.

But the present two-year period is a difficult one. The ship orders from the Soviet Union were bunched at the start of the current five-year agreement and the new agreement runs only from 1981.

However, prospects have improved considerably in the past few months after looking exceedingly bleak at the turn of the year. The situation still varies considerably between yards and more new orders are required to guarantee stability of employment (which has fallen from 18,000 to 15,500 over the past three years).

But at the end of March the yards had on order 84 vessels totalling 580,000 grt, which compares with 36 vessels of 355,000 grt delivered in 1978.

The most valuable of the new orders obtained this spring was for three drilling ships for use in Arctic waters, which will be built by Rauma-Repola for the Soviet Union. The order is worth about $230m and the vessels are for delivery in 1981 and 1982.

A feature of these dynamically-positioned ships with their satellite navigation equipment is that they will not use anchors in the positioning process, which means that they can be moved away from a well with great speed. It also means that the vessels can be narrower and therefore cheaper than earlier vessels of the same type, according to Mr. Matti Kilpinen, marketing director of Rauma-Repola.

Investment

Mr. Kilpinen believes that the Soviet Arctic areas will be the subject of a great deal of investment in coming years, not only in oil and gas exploration, but also for mining, and Rauma-Repola believes that the drilling ship order will place it in a good position to obtain a further share of these investments.

Other important new orders this spring have gone to Wärtsilä. After the successful lengthening last year of the cruise vessel Song of Norway (by inserting a mid-section which increased the cruiser's capacity by 44 per cent), the first time that any yard had undertaken the lengthening of such a complex vessel, an order was placed by the Norwegian owners to lengthen the cruise liner Nordic Prince, Song of Norway's sister ship.

Wärtsilä also benefited from a renewed interest by Finnish owners in placing orders with Finnish yards (not a single vessel for a Finnish owner was delivered in 1978). The Sally Shipping Company placed an order for two passenger-car ferries for the Sweden-Finland route and its competitor on the same route, SF Line, ordered a sister ship to a ferry already in operation.

Rauma-Repola's Uusikaupunki yard, for medium-sized vessels, has received an order for two timber carriers from a Soviet-Finnish company and is building two more on its own account. The vessels are about 2,000 dwt. As the biggest sawn timber exporter in Europe, Rauma will either operate the carriers itself or charter them.

The four yards operated by the Valmet group are the third of the large shipbuilding groups. Ships recently delivered include roll-on, roll-off vessels, gas tankers, research vessels, naval patrol boats, tugs and barges.

It is currently completing what at the time was one of the biggest export orders ever won by Finland—two 36,600-dwt barge carriers for the Soviet Union. The first of these was delivered—five weeks ahead of schedule—last autumn and the second is due for delivery this year.

The Navire Yard, operated by the Navire company at Turku, is the final link in the shipbuilding chain. It was completed at a bad time—1975—but adapted itself to difficult circumstances by a varied production. In May it delivered a special floating ramp to the Port of Aberdeen for use in loading roll-on, roll-off vessels, which Navire claims is the first construction of its kind in the world.

The government has helped the shipyards by bringing forward orders for naval vessels and facilitating orders for trawlers. It has also provided some subsidies, but the subsidies have been modest and are not automatic.

According to the yards, cash subsidies of the order of 3 per cent of the purchase price was the most they had received. However, the financing problems of the Finnish yards are eased by trade with the Soviet Union, which is cash business.

H.B.

Part of the Valmet yard, in eastern Helsinki, seen here during the construction p... now covers an area of 300 acres, of which 130 are in industrial use. In size, Valm... new 300,000 tdw dock ranks first in Finland

Contractors win new orders

HARDLY A week passes without a report in the Helsinki papers of a large new construction project won by a Finnish company or consortium in some distant spot which the nterested distant spot which the interested reader cannot even find in his old elementary school atlas.

For a country that is a net importer of capital and has only 4.7m inhabitants this seems odd, especially as the contracts are worth anything from $1m to $800m—occasionally even more. Odd it may be, but some of the Finnish companies have become household names in the international construction trade.

It is probable that no Finnish engineer or architect has been seen yet in the Falkland Islands, but elsewhere "Finlandisation" of the developed and developing countries with technological and construction know-how has been galloping along in the 1970s.

These construction contracts are hard to classify under the traditional headings of customs lists. The projects can cover everything from initial planning to delivery of the keys of the completed construction, often with the machinery (or furniture and fittings) installed and ready for use.

Such projects involve consultancy, engineering, town planning, water supply and so on, and the actual exports come from the building materials, engineering, wood products and other components.

The Association of General Contractors of Finland (AGCF) keeps its own statistics on the activities of its member companies, which account for about a half of total Finnish construction. This was valued at about FM 20bn ($5bn) in 1978.

The ratio of construction exports to total construction investment in the home country in 1978 was 9 per cent and is expected to be more than 10 per cent in the current year and to rise steadily at least in the early 1980s. Finish contractors won orders for more than 30 new foreign projects worth $600m in 1978, bringing the total value of export projects being handled up to $1.8bn by the end of the year.

Earnings

Actual export earnings of the construction industry, not to be confused with the total value of projects in progress, amounted to about $500m in 1978, and are expected to approach $600m (at 1978 prices) in 1980.

Mr. Kalle-Pekka Sävelkoski, export manager of the AGCF, says: "With such fat order books, the tremendous growth rate must inevitably slow down in the early 1980s. We shall then have to concentrate our resources on maintaining our market share in our target countries where the competition will be stiffer."

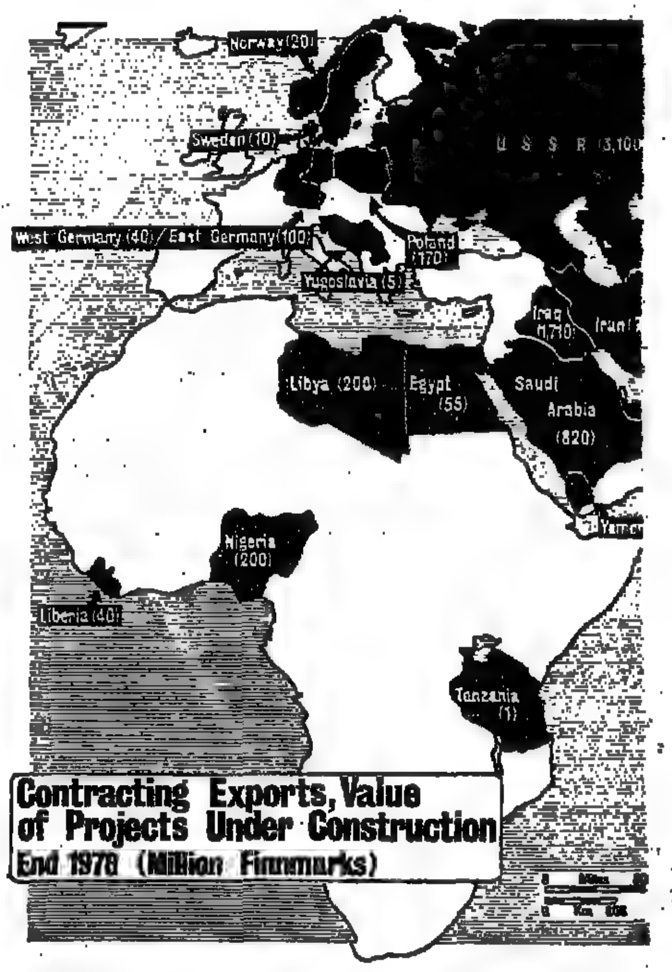
But he makes it quite clear that the Finnish construction industry intends to remain export-oriented. "Our contractors have found their way abroad in the past decade or so and now they intend to stay there. This is no short-term success story." Indeed, the Finland Steamship Company has opened four cargo lines to the Middle East.

The first export market for the Finnish construction industry was the Soviet Union. It was also the most natural one, for most of the major projects under construction in that country are in places just across Finland's eastern frontier, which means that Finnish manpower as well as supplies can be used.

At the end of 1978, 44 per cent of the country's construction exports were projects near the Finnish-Soviet border. The proportion in the Middle East taken as a whole was 45 per cent. Within this area the leading market was Iraq (value $428m), followed by Saudi Arabia ($205m) and Iran ($185m). The leading countries in Africa are Libya ($50m) and Nigeria ($50m).

Recent events in Iran point up the risks of this trade in regions such as the Middle East. Finn-Iran Contractors, a consortium of four of the biggest Finnish construction companies, was working there on a contract valued at about $170m for the erection of 63 15-storey residential buildings, including some of the building material.

The contract was about one-third completed when the turmoil started, but only about $4m in invoices for work done was outstanding. The consortium, like most of the Finnish companies then working in Iran, is fairly confident that it will be invited to return and finish the job.



Contracting Exports, Value of Projects Under Construction
End 1978 (Million Finnmarks)

The Finnish Export Guarantee Board provides a maximum of 90 per cent cover for political and 80 per cent for commercial risks. Now Finnish private insurance companies are taking an interest in this field.

The Pohja Group offers a comprehensive range of insurance cover and lately Ursa, the reinsurance subsidiary of Industrial Insurance, has established an insurance company in Dubai in co-operation with other Scandinavian insurance companies. At least one British company, Furness-Holder (Commercial Services) has been exploring the market in Finland.

Financing is not a problem in the rich oil-producing countries. For other areas, Finnish Export Credit added construction projects to its range of services for the first time last year, financing contracts amounting to $88m.

Other solutions have been found, such as the hotel project in Leningrad, where the building work will be done by Finland and the financing provided by an American company. The AGCF says that provided the financing is based on normal European terms, Finnish companies can manage. But if Finland has to provide a high proportion of the finance on its own, the problem can be insuperable.

One difficulty that still exists and will take a few years to overcome fully is a shortage of trained staff, particularly engineers, project managers, lawyers and transport specialists. The AGCF started to arrange s[...] courses aided by public [...] for export promotion. Ther[...] been one six-week cours[...] project managers, a four-[...] course for site managers, two intensive courses in [...]struction English."

About 5,000 Finns are [...]ing abroad on constru[...] projects, about half of [...] with academic qualificat[...] Considerably more will [...] needed in the next few ye[...]

The trend now is away [...] purely construction cont[...] towards more complex arra[...]ments, sometimes invol[...] third countries, sometimes [...]dustries outside the cons[...]tion branch proper.

In Abu Dhabi the Fin[...] firm YIT built a mill and [...] for which a French comp[...] supplied the machinery. A [...]nish contractor will buil[...] dairy in Libya for which [...] Finnish dairy company V[...] will provide the equipment [...] know-how.

Two Finnish companies, [...] and Partek, in co-operation w[...] Saudi Arabian partners [...] building a concrete compone[...] factory in Saudi Arabia [...] MABCO company. The fact[...] will have an annual producti[...] capacity sufficient for 1,[...] homes. The Finish compan[...] will be responsible for planni[...] and development for 5-10 yea[...]

These are a few exampl[...] Finland expects to have mo[...] than 60 foreign constructi[...] projects in progress in 19[...] valued at at least $1.8bn. [...] as things stand the outlook f[...] the 1980s is bright.

L.K

Improvement in the engineering sector

THE METALS and engineering industries in Finland have played a crucial role in the past generation in moving the country away from almost total export dependence on the forest-based industries. In the course of the past 40 years they have increased their share of exports from less than 5 per cent to about 35 per cent, while the forest industries' share has fallen from 75 per cent to just over 40 per cent. As an employer the engineering sector now accounts for 35 per cent of manufacturing employment compared with only 19 per cent in the forest-based industries.

But the past three or four years have been difficult times for engineering and the industry is still waiting for clear signs that the recession, which every one believes is past, is really over.

Between 1975 and 1978 the industrial output index rose from 122 to 130, with a rise of three points in 1978. The engineering industry index has fallen from 150 to 145 over the same period, with a six point decline in 1978. Investment in engineering fell by no less than 46 per cent in 1977 and by a further 4 per cent in 1978, according to the Bank of Finland's recent investment survey.

Cyclical

The problems are partly cyclical, of course. The recovery in engineering always comes late in the recovery cycle, while the Finnish-Soviet trade agreements also have a cyclical pattern, with orders bunching in the first years of the five-year agreements, in this case leaving order books thin in 1979 and 1980.

The Confederation of Industries first quarter expectations survey indicated that output again fell in the first quarter, but also that some increase in output and exports is expected in the current half year. Capacity utilisation remains low, however, and order stocks were judged to be "below normal" for the sixteenth successive quarter.

Nevertheless, there is a feeling in industry that the worst is over and managements seem fairly optimistic, especially about exports. The overall improvement in the Finnish economy, with inflation under control following a substantial effective depreciation of the Finnmark in 1977, has left industrial leaders feeling that they are fully price-competitive.


The Rauma-Repola Oy Pori Works, probably the biggest engineering works in Finland

The Finnish engineering industry is characterised by relatively large companies (for such a small country), with the emphasis on heavy engineering products such as shipbuilding and machinery for the forest industries and metallurgical and mining industries. In the 1978 export figures the transport sector was largest with exports worth FM 3.9bn, with ships FM 3.2bn, machinery FM 3.1bn, electrotechnical products FM 955m, cables FM 280m, and instruments FM 221m. In the five years since 1973 the biggest growth has come in machinery exports, which rose 372 per cent, followed by transport equipment, 250 per cent, instruments 245 per cent, cables 191 per cent and electrotechnical products 123 per cent.

The Comecon share of Finnish exports has risen from 12-13 per cent in 1973 to about 17-18 per cent today and this is reflected in engineering and metal exports as well. The Eastern bloc countries accounted for 34.2 per cent of exports in 1978 at FM 4.16bn compared with 20.8 per cent in 1973. Efta's share was similarly down from 35.8 per cent to 26.6 per cent at FM 3.24bn and the EEC's share from 28.7 per cent to 20 per cent at FM 2.42bn.

Ships and paper machines are probably the best-known products of the Finnish engineering industry but the full product spectrum is wide. Among major successes is Kone Corporation's lifts and materials handling equipment. Kone has production facilities in 12 countries and joint ventures in four more. Group sales last year exceeded FM 1.4bn. Salora television sets are a well-known product of the electronics industry, which has otherwise concentrated on industrial process control equipment.

New developments this year include the start of TV-tube production by Valco, in which Hitachi and Salora are minority partners with the State. Valmet, the big State-controlled company, has started assembly of a range of Chrysler Simca models, which are an addition to the Saab cars it already assembles. Valmet and Volvo are discussing the development and production of a new agricultural tractor to replace the ageing models the two companies at present produce.

Optimistic

Somewhat surprisingly in view of the Harrisburg accident, one of the more optimistic people in the Finnish engineering industry is Mr. Daniel Jaafs, managing director of Finnatom, an organisation set up 10 years ago to co-ordinate the marketing and research and development activities of the eight companies which have made major deliveries to the four nuclear reactors either in operation or under construction in Finland—two Soviet-built reactors of 440-MW at Lovisa and two Swedish-built reactors, all of the boiling-water type.

Finnish industry delivered about a third of the equipment which went into the first Lovisa reactor, and up to 50 per cent if civil engineering works are included. The equipment includes the circulating pumps and motors, computers, in-core instrumentation, ice-condensers for the cooling system and the steel containment shell.

Lovisa 1 is proving to be extremely reliable, statistically speaking one of the best reactors in the world, said Mr. Jaafs, and the Finnish industry's experience with deliveries to the Lovisa and Swedish reactors is now paying dividends. Orders are in the pipeline for deliveries to Sovet-built reactors in Eastern Europe and Third countries and Finnatom also expects to obtain substantial orders for equipment for the Swedish reactor which Turkey is expected to order shortly.

While in Western countries the Harrisburg accident has slowed down nuclear programmes, it has had no effect in the Eastern bloc, according to Mr. Jaafs, who pointed out that Hungary has just decided to speed up its four-reactor nuclear programme. This is the reason for Mr. Jaafs' optimism. In Finland, too, the Harrisburg accident appears to have made less impact on public opinion than in many other countries, an important point as a final decision to build a Lovisa 3 reactor, a 1,000MW plant, should be taken next year.

Lovisa 3 will only begin to fill order books for Finnish hardware in 1981-82, but Finnatom is meanwhile discussing deliveries to a Lovisa-type reactor in Hungary and is co-operating with the Soviet in projects for reactors in third countries. So far the only one of these projects to be publicised is a reactor for Libya, but Mr. Jaafs said that several other third-country projects are under negotiation and the Libya order may not be the first one to be placed. He believed that at least one third-country reactor order would be signed this year.

Steady recovery in the metal industries

AFTER SEVERAL years in which most metals companies have either made losses or kept the bottom line figure in the black by paring depreciation costs to the bone, the Finnish basic metal industry companies are now reasonably confident that better times are ahead.

"After only being able to think of investments for the past few years in terms of tens of millions of marks, we are now beginning to think in hundreds of millions again," commented divisional sales manager, Matti Turunen of Ovaco steel group.

In 1977 and 1978, iron and steel output increased, partly as a result of the installation of new capacity. A new blast furnace at the State-controlled Rautaruukki Steelworks at Rahe, accompanied by expansion of continuous casting capacity and a new hot-rolling steel plate mill, doubled the company's steel production capacity in 1977 to 1.7m tonnes.

Total iron and steel output in 1978 increased by about 6.6 per cent to 7m tonnes. Total non-ferrous metals output on the other hand showed little increase, with the output of processed products totalling about 321,000 tonnes.

A substantial part of the iron and steel production is used by domestic industry, although about 55 per cent of the rolled steel output last year of 1.8m tonnes went for export.

The bulk of the non-ferrous metal production, on the other hand, is exported, with copper exports in 1978 at 47,100 tonnes, and zinc 113,680 tonnes.

By value, metal exports accounted for 7.5 per cent of total Finnish commodity exports last year. Iron and steel exports rose by 51 per cent to FM 1.64bn, but the value of copper exports was down 10 per cent to FM 323m and of other metals 8 per cent to FM 613m, reflecting both lower volume and poor prices.

Besides steel, copper and zinc, Finland also produces three metals with some strategic importance (although in small quantities)—922 tonnes of cobalt, 5,000 tonnes of vanadium oxide and 45,000 tonnes of ferro-chrome (in 1978).

While Rautaruukki turned a 1977 loss into a modest profit in 1978, the private steel industry, which makes more refined products and special steels, was still loss-making last year. This forced the industry to undertake a major structural reform, which was worked out this spring and came into effect from May 1.

Ovaco Oy, the largest of the private steel manufacturers, which produces a wide range of bars, rods and wires, took over the steel production and manufacturing facilities of the two other main private steelmakers, Oy Fiskars Ab and the steel division of Oy Wärtsilä Ab.

Fiskars brings to the group the production of wire net, nails, screws, bolts and chains, and the Wärtsilä Dalsbruk steelworks contributes rolled bars, reinforcing steels, drawn wires, nails and castings. The three companies in 1978 had a joint turnover of about FM 1bn and 5,000 employees.

Although Ovaco's output last year changed little with 422,000 tonnes of raw iron, 646,000 tonnes of crude steel and 372,000 tonnes of rolled steel products, external sales rose from FM 629m to FM 718m, which was considerably more than budgeted.

Exports

Exports accounted for 52 per cent of sales. But the company made a loss of FM 1.5m after a loss of FM 21.7m in 1977 and in both years depreciation costs were insufficient to cover replacement costs. Equity capital at the end of last year was only 7.5 per cent of total assets of FM 687m.

The merger, however, has made the company's management more optimistic.

"The merger will clear up the private sector, remove the inefficiencies, and make exporting easier and more profitable," said marketing director Nils L. Gripenberg. "The merger will also improve our financial position and we should be able to make larger investments."

Among Ovaco's specialities are boron steels of high hardenability. Markets which it expects to develop in the next few years include the auto components industry and fasteners. In both these areas it already makes deliveries to most European countries.

In the non-ferrous metals sector, the Finnish industry is dominated by the State-controlled Outukump Oy (this company also has iron ore mines and a modern stainless steelworks, which last year produced 140,000 tonnes of chrome pellets, 44,800 tonnes of ferrochrome, 56,700 tonnes of steel slabs and 44,300 tonnes of rolled products).

The main products of the mining and metallurgical division includes copper concentrates and anode copper, zinc, cobalt, pyrites, talc and sulphur, originating from the company's ten mines. Although sales for many of the company's products remained unsatisfactory last year, there was a 27 per cent increase in sales to FM 1.75bn, of which exports accounted for FM 1.36bn. Net earnings increased by FM 1.8m to FM 7.6m. After depreciation, costs rose from FM 68m to FM 156m.

As the company's mines are ageing and deepening, and thus becoming more expensive to operate, declining ore resources will force a fall in copper output in the 1980s (or, as director Jorma Hakkarainen commented: "our ore resources will decline at present world market prices"). A major effort is being made to develop the export of technical know-how, mining processes and equipment through the company's technical export division, which almost doubled its sales last year to FM 299m.

"In the next five to ten years a lot of new investment and re-investment will be needed around the world," said Mr. Hakkarainen. "The technical export division will be our most dynamic area. We have already invested in technical knowledge and have now achieved a standard which enables us to export it. From being a home market company, we are now internationalising fast."

The company announced in May that it has won a turn-key project for a copper mine and concentration plant in the Philippines (together with Rauma Repola and Kone engineering companies). The project will involve Finnish deliveries of equipment and know-how worth about FM 300m.

Mr. Hakkarainen said that the company hoped to be able to announce contracts for further similar projects in the near future. Outukumpu has recently made deliveries to the Norilsk copper combinate in Siberia and to a copper smelter in South Korea. As the original inventor of the flash smelting technique for copper, the company has sold 27 smelters abroad.

Depletion

With mines and domestic raw materials approaching depletion over the next 10 years or so, it was decided to build a new engineering works at Outukumpu, in eastern Finland, to provide jobs when the local mines are exhausted. The works are now under construction and will manufacture mining industry equipment.

Among the new products under development is company-designed equipment for drawing copper for the production of semi-manufactures, which the company hopes will be an important new sales item.

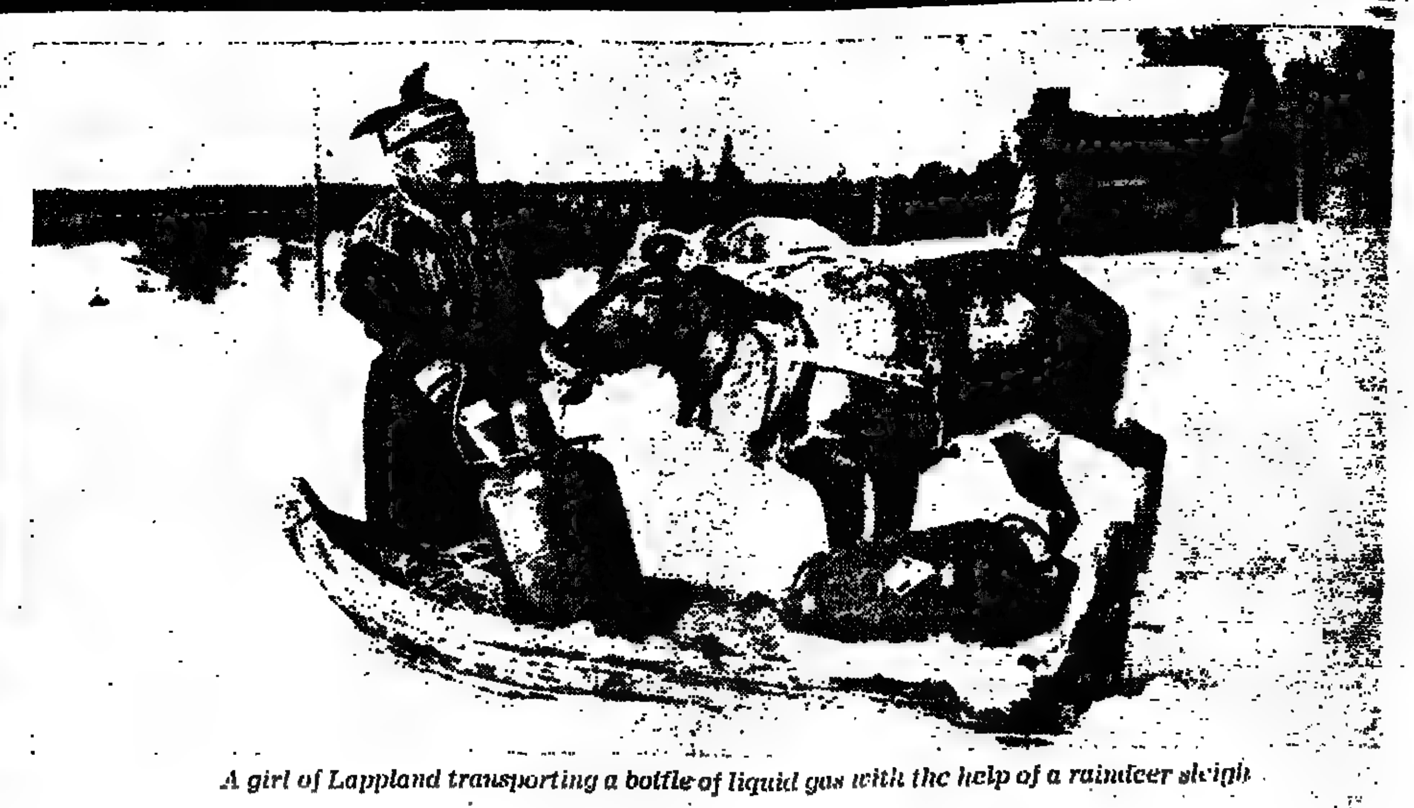
In conclusion, the iron, steel and metals industry companies expect that the recovery in their fortunes, which began last year, will continue in 1979—but all companies in one way or another made major investments in the early '70s, which increased capacity just as the market collapsed. This has left the country with a modern industry and some of the most efficient plant in Europe, but it has also left the companies financially weakened.

An improvement in the financial position is therefore going to take priority over big new investment projects for the next year or two.

H.B.

هكذا من الأصل

The extraordinary attraction of Finnish lakeland, which forms the largest unbroken geographical region of the country



A girl of Lappland transporting a bottle of liquid gas with the help of a reindeer sleigh

Attracting the big spenders

I RECEIVED my initiation as a tourist in Finland some years ago driving round Lapland with a couple of Finnish consumer goods salesmen who tried to persuade me that the best use for the washing machines they were selling was for brewing beer.

The deep freezers they were also selling were, they said, an essential accessory for extracting harder liquor from the brew. With a pitch like that it was no surprise that they were the company's star salesmen.

The visit introduced me to one of the most extraordinary areas in Europe. Lapland is a wilderness. It is one of the very few remaining areas in Europe where it is possible to live by gun and hook for months at a time with no contact with civilisation. Some do, such as Europe's last remaining gold panners, and they tend to be bizarre characters whose tall stories would make a Texan blush.

However, for most of the three million-plus visitors to Finland (as there is a passport union between the Nordic countries their exact numbers and countries of origin are not known) the eminently civilised Finnish capital, Helsinki, is the focal point.

Helsinki and its immediate hinterland have about 5,500 hotel rooms to offer, a fifth of the country's total hotel accommodation. In the early summer months, when tourists have started to arrive but the flow of businessmen has not dried up, accommodation can be a problem; but by next summer there will be another 700 rooms in use, including those of the new President Hotel in central Helsinki.

In recent years Helsinki seems to have succeeded in attracting a growing share of the travel trade, partly by the opening in 1977 of a new fast ferry service to West Germany and partly through its development as a congress centre. The growing travel trade with Germany may well have played a decisive part in tipping the travel balance from a small deficit of about FM 3m in 1977 to a surplus of FM 173m in 1978, which is expected to rise to between FM 200m and FM 300m this year.

The largest group visiting Finland are, naturally enough, the Swedes, who can use either the air services or the popular ferry trips between Stockholm and Turku (at Finland's western tip) and Helsinki. In 1977 Swedish visitors spent about 452,000 nights in Finnish hotels, accounting for almost 30 per cent of total foreign hotel visits. Next came Germans with 249,000 nights, Russians 143,000, Americans 108,000 and Norwegians and Britons about 75,000 each.

German visitors are regarded as a primary target for tourist development because they come not only in large numbers, but they are big spenders ("We get a lot of Russians, but they don't bring any money with them," sighed one tourist official).

The introduction in 1977 of the Finnish-built passenger-car ferry Finnjet, operated between Helsinki and Travemünde, was a major innovation in the development of tourism with West Germany and to some extent also for tourists from other central European countries. Finnjet, with a speed of 30.5 knots, is the fastest ferry of its kind in the world. It has cut the time on the route to 22 hours, so that travellers need spend only one night on board.

Increased

The ferry can carry 1,532 passengers and 350 cars. After its introduction the number of passengers using the route increased enormously, from 75,000 in 1976 to 200,000 in 1978, which is expected to rise to 235,000 in 1979. There was a 22 per cent increase in West Germans using Finnish hotels in the first nine months of 1978 and Finnjet is credited with an important part in creating the increase. In the three summer months (in Finland that means June to August) about 70,000 Germans used Finnjet last year, 90 per cent of them tourists. This year about 100,000 will be using Finnjet in the same months. The operators, Finnlines, have been careful to make the return trip extremely competitive with the alternative of driving from the continent up through Sweden.

As a congress centre Helsinki claims to rank eighth in Europe by number of international conferences, well ahead of some larger and more centrally-placed cities. Last year about 17,600 participants attended 56 conferences, a figure which has not fluctuated very much since 1975.

The date is significant. It was then that the magnificent Finlandia Hall, designed by the well-known Finnish architect Alvar Aalto, was completed. It is a combined concert hall and congress centre, able to cater for 3,000 delegates in two congress auditoria, and it also offers facilities for smaller meetings. The Finlandia Hall is supplemented by the Dipoli Congress Centre, just south of Helsinki, which can accommodate 2,000 delegates.

One of Finland's problems as a tourist country is that it is a longish-way off the beaten track, even if it is only little over an hour by air from Hamburg and Copenhagen. "People don't come to Finland without having a real reason," as Mr. Bengt Pihlström, managing director of the Finnish Tourist Board, put it.

But today the extra cost of travelling to Finland is to some extent cancelled out by the cheapness of the country in relation to other north-west European countries. Prices, according to an index made up of accommodation, meals, transport and retail goods, are 20 to 30 per cent lower than in the other Nordic countries and West Germany and only slightly higher than in Britain, according to a Tourist Board price comparison made earlier this year.

Cheap

Its findings are broadly confirmed by the FT annual survey of business travel costs. An interesting point is that once in Finland both air and rail transport are very cheap measured per kilometre (but the distances are great).

Finnair, the national airline, has played an important role in developing Finnish tourism. The number of passengers carried on international scheduled flights has risen steadily year by year from 488,000 in fiscal year ending March 31, 1971, to 788,000 in the year ending March 31, 1979. There was a 9.1 per cent increase last year, including a 41 per cent increase in North Atlantic traffic.

The airline currently has a fleet of 34 aircraft, including two DC10s, 15 DC9s, and eight Super Caravelles. It flies to 32 destinations including, outside Europe, Montreal, New York and Bangkok.

Finland is currently engaged in air service negotiations with the U.S. Finland's objective is a destination on the U.S. west coast, but the talks have stalled for the time being over Washington's fare policy proposals.

Other services which Finnair is anxious to obtain include routes to Tokyo and Middle East destinations. It is also trying to persuade British Airways to agree to the introduction of a third daily flight between London and Helsinki.

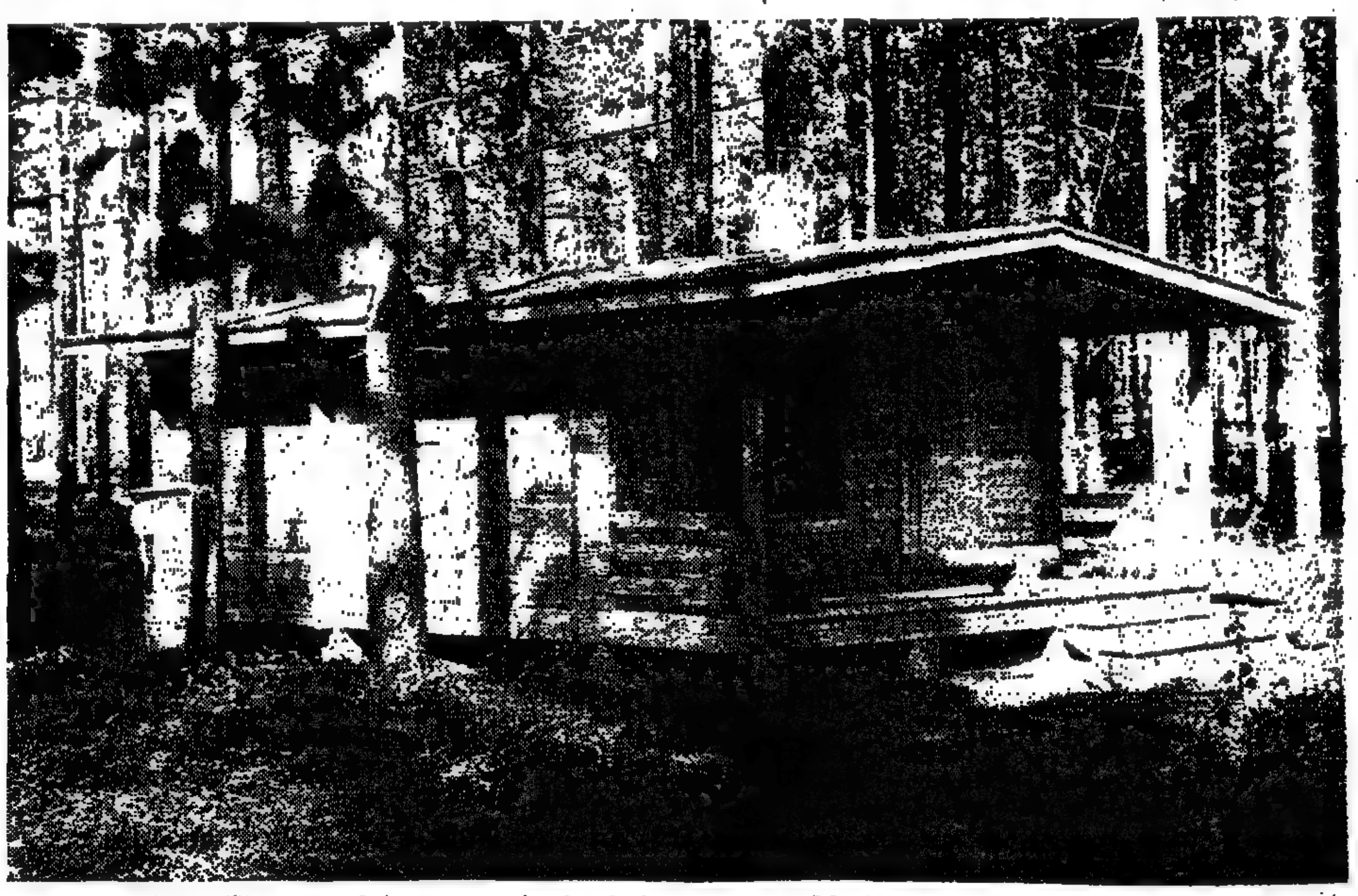
While there is strong pressure on the Helsinki hotels in the high season, there was a danger at one time that hotel accommodation outside Helsinki would outrun demand after a big building boom in the late 1960s and early 1970s. In 1976, Government allocations for tourist infrastructure developments were actually pr[...] back. But as a result of [...] earlier building boom the [...] facilities are generally g[...] if that is the kind of accom[...]dation you want.

Many people visit Fin[land] for the lakes, the forests [...] the loneliness, of course, [...] there are huts and cot[tages] which will grant the touris[t] in full measure—of the w[...] by-gravity, no-lavatory va[...] with a sauna only if you [...] your own logs.

Equally, however, there [...] cottages with all amen[ities]. "One of our problems," [...] Mr. Pihlström, "is making [...] the visitor gets the so[...] accommodation he or sh[e] [...] expecting."

For those who want to [...] Lapland, Finnair has re[...] introduced an inclusive [...] package which gives a we[...] Lapland with hotel for less [...] the price of the normal r[...] fare from Helsinki.

Initially it is being deve[loped] on a domestic basis, but a [sub]stantial marketing effo[rt] Europe is planned. Rei[ndeer] safaris, cross-country skiin[g] midnight sun, and the [...] gold panning champion[ship] (anyone can enter) are a[...] the attractions.



Many Finns spend the summer in simple forest cottages like this one, with a sauna and a nearby lake a the main amenities. Now, foreign tourists are being encouraged to do the same

Nigeria is preparing for elections: By MARTIN DICKSON

Crossroads to democracy

A supporter of the National Party of Nigeria has stuck to his fan a poster of his choice for state governor.

AN open, sandy space in ...eart of Lagos, surrounded ...igh-rise office blocks and ...fe shacks, a troupe of ...rs, acrobats and drummers ...ard at work. They weave ...way through the 2,000 ...itors who have turned out ...rally of the Nigerian ...e's Party—most to cheer, ...to jeer, and many simply ...re in wonder at the un... ...ar sight of the political ...s in action.

...r 13 years of military ...black Africa's most popu... ...nd most powerful nation ...rning to civilian govern... under a four-year pro... ...e adopted in 1975 by the ...s who in that year over... Gen. Gowon, the then ...of State.

...programme is nearing a ...: the country has a new, ...yle Presidential constitu... ...llowing a year of delibera... ...y a constituent assembly. ...on party politics, in force 1966, was lifted last ...ober. The country will ...series of elections lead... ...to the installation of a ...overnment, headed by an ...ive President, on ...r 1.

...a moment of truth for ...ms. Have these diverse ..., numbering 80m to 100m, ...a constitutional frame... ...able to contain their ...ely complicated mix of ...l rivalries, based on religious, cultural, ...ic, regional and social ...? Is there a sufficient ...l consensus to avoid ...nious divisions which encourage another ...tion of soldiers to seize ...

...answers will have reper... ...s far beyond Nigeria's ...s. Nigeria is black ...s most influential state ...change of government ...s, entailing a fresh look ...blished policies, could ...a tilt in the continent's stance towards international issues, including Rhodesia.

A successful transition to civilian rule could hold constitutional lessons for other African countries where single-party systems, military regimes or one-man dictatorship hold sway, each acting whether by accident or design, as a centralising force in the artificial states carved out by the colonial powers of the past.

Nation state

For Nigeria is attempting an individual and ambitious solution to one of the gravest political problems plaguing Africa—how to transform political loyalties from those based on the clan, tribe or region into those based on the nation state. The attempt has a particular poignancy for Nigeria which, between 1967 and 1970, fought a bitter civil war against the Ibo secessionists of Biafra to preserve the principle of One Nigeria.

For the West, the transition to civilian rule has economic importance: Nigeria is Britain's most important export market outside Europe and the U.S. and it is also America's second largest foreign supplier of oil. A stable Nigeria, neutral if not actively pro-western, is therefore of considerable importance for the West.

It was political instability which led to the downfall of Nigeria's first civilian administration, in January 1966, when the military intervened following widespread corruption and violence in both the 1964 federal elections and the 1965 elections in the former Western Region. Many lessons have been learned from the past and the political framework has been radically altered in an attempt to find stability. The sub-division of Nigeria's former three regions—North, West and East—into 19 states is an essential element of this framework.

This division is designed primarily to counter the centrifugal tendencies of having a regional system based on three dominant groups: the Ibos in the east, the Yorubas in the west, and the Hausa-Fulani in the north. The creation of 19 states has relocated the centres of political activity in much smaller units and has given a stronger voice to minority tribes which comprise over 30 per cent of the population.

The constitution is designed to produce a careful balance of power between the Federal Government and the states and between the executive president, a bicameral legislature, and an independent judiciary. It is intended to encourage national rather than ethnically-based politics. To win the presidency on the first ballot a candidate must not only gain the highest number of votes cast, but also needs support in a broad geographical spread—a quarter of the votes in at least two thirds of the states.

All this could be undermined by a recrudescence of political violence, but so far, with scattered exceptions, people have been on their best behaviour.

At the NPP rally in Lagos, for example, there is a pleasant, relaxed atmosphere, reminiscent of a friendly football match (right down to T-shirts, badges and jaunty caps in the party colours). A cheer-leader leads chants of "victory" and "power to the people." But a sizeable contingent of policemen, who at one point use their sticks to control the crowd, shows the Government's fear of violence.

Concern for security may partially explain the Government's refusal for many months to announce a date—or an order—for the five elections. It finally decided that they would be staggered from July 7 to August 11, starting with the polling for the federal Senate and House of Representatives, going on to contests for state legislatures, and ending with the presidential election.

But no sooner was that issue settled than a major dispute arose which is currently casting a long shadow over the election campaign. In a complicated argument about candidates' compliance with tax laws, the Federal Electoral Commission—which is responsible for running the poll — has left open the possibility that it might disqualify two of the five runners for the presidency.

They are Dr. Nnamdi Azikiwe, the leader of the NPP, a veteran Ibo politician; and Alhaji Aminu Kano, leader of the People's Redemption Party. Dr. Azikiwe has gained High Court backing for his claim to have paid tax in accordance with the laws of his home state, but it is still far from clear that he will be able to stand.

The disqualification of either politician would undoubtedly sour the atmosphere and could lead to the very political tension which the Government is so keen to avoid.

Dr. Azikiwe's decision to stand for the Presidency in the first place was something of a surprise. Aged 75, one of the founders of Nigerian nationalism and the country's first President, he had been expected to sit on the sidelines as an elder statesman.

Chief Obafemi Awolowo, the veteran Yoruba politician who has spent years planning a comeback and now leads the Unity Party of Nigeria (UPN), is only five years younger than Dr. Azikiwe.

There are three presidential candidates from the North: Alhaji Waziri Ibrahim, a self-made millionaire and former federal Minister of Economic Development who leads the Great Nigeria People's Party (GNPP); Alhaji Aminu Kano, who speaks a populist Left-wing rhetoric: although the stated goals of his People's Redemption Party differ little from those of its rivals; and Alhaji Shehu Shagari, a former federal Minister of Finance who leads the National Party of Nigeria (NPN).

At 54, Mr. Shagari is the youngest presidential candidate. He lacks some of the charisma of the other leaders and seems to have been thrust reluctantly into the race as a compromise between the heavyweights in his party. But he comes across as a clever, thoughtful, pragmatist.

There is a striking similarity between the manifestos of the parties, none of which plans any radical break from the mixed economy goals pursued by the military Government. Rather, their emphasis is on achieving those goals more quickly or on improving the efficiency of what exists, such as the much pilloried Electric Power Authority and Nigeria Airways.

Establishment

Personality factors rather than policies have dominated the campaign, particularly in the case of Azikiwe and Chief Awolowo who have dragged several political skeletons from each other's cupboards.

On polling day, the personality of the candidates will count for much, but it will be only one of many issues determining voting patterns, including rivalries between and within ethnic groups, competition between economic and social interest groups or the plain opportunism of jumping on to the bandwagon of any party deemed likely to emerge on top.

On the face of it, Shehu Shagari's NPN appears to have the edge over its rivals. It seems to have the strongest base in the populous North, where it has inherited something of the mantle of the most powerful party of the 1960s, the Northern People's Congress. But it is also well established in parts of the East and West. Its executive is packed with well known political names from the 1960s (not a few of them tarnished) and it is seen to some extent as the establishment party.

Chief Awolowo has strong support in parts of the West, but may find it hard picking up a large following elsewhere, while Dr. Azikiwe's strongest following appears to lie in the East and parts of the northern Middle Belt."

The other two parties, the GNPP and the PRP, could win several contests at state level but do not, by themselves, seem to present much of a challenge for control of the federal Government.

But while the NPN may at this stage have an edge, no party can be confident of winning the presidency on the first ballot. If there has to be a run-off, the legislature will act as an electoral college.

The existing uncertainty suggests that the reforms designed to make politics more national in character are paying dividends: in virtually every state, tough battles are being fought out for the Governorship between two or three parties, with the electorate apparently divided in its loyalties.

It is, however, possible that this degree of competition for elections to state offices will not be repeated at the federal level, where there could be a revival of the 1960s-style block regional voting, with people transferring their allegiances from the party they support at state level to the one fielding a local presidential candidate.

While the current political fluidity seems more healthy than the politics of the 1960s, it does contain dangers. It is, for example, far from certain that the party which wins the presidency will also gain a working majority in the legislature. If different parties (or alliances) hold sway in these two branches of Government, it will require great self-restraint for the politicians to make their new and highly sophisticated constitution work—and they are largely the same politicians who saw the First Republic collapse in 1966.

There is however, one major difference: the politicians have now lived through a military regime. They know well that if they fail, another army coup is possible. Some cynics argue that is inevitable, with majors and colonels simply biding their time, waiting for the civilians to fail.

But this is by no means inevitable. Economically, the politicians will be coming to power at a good time, when Nigeria is gradually recovering from a sharp recession. Oil earnings are rising and this should begin to show through to the man in the street by the end of the year, allowing the civilians to claim some of the credit.

However, it is important for the civilians to adopt a gradualist approach to expanding the economy again. The recession has, in some respects, been a blessing in disguise, allowing the Government to cool down a seriously overheated economy and to go for more moderate but more balanced growth in the 1980s.

Politically too, restraint will be imperative. Nigeria is relatively quiet now, but tempers might fray nearer polling day or afterwards from poor losers.

At the NPP rally the speaker is finishing when from the rear of the crowd comes a cry of "UPN" from an Awolowo follower. A party of policemen set off down a side street in pursuit of the provocative heckler.

Letters to the Editor

...aintenance ...d renewal

...he Director-General ...deration of Civil ...ring Contractors

...— Malcolm Rutherford's ...of the Budget strategy ...15) did not deal with ...pect of public spending ...must be recognised by ...n Government, whether ...line more to Sir Geoffrey ...basic philosophy or Mr. ... Quite simply, there ...rivate sector equivalent ...lic expenditure on the ...basic infrastructure — ...water and sewerage ser... ...or can there be.

...Federation of Civil ...ring Contractors wel... ...the efforts made in the ...to encourage and reward ...ise and initiative—which ...er all, central to the ...of our industry. To... ...nent these moves, how... ...e Government must, in ...its long-term spending ..., acknowledge the fact ...roper maintenance, re... ...and expansion of the ...'s infrastructure is ...l for even modest ...growth.

...rt, it is for the Govern... ...rough its public invest... ...policies, to lay the ...ion for a steady revival ...te manufacturing indus... ...thus to enable Britain ...pete effectively with its ...dustrial rivals.

...lauiter,
... House, ...Street, SW1.

...cessary ...air

...r. M. Noor

...Most prudent house... ...know that postponing ...tside painting for yet ...year is not cutting ...g but postponing it with ...lihood of much higher ...en eventually the work ...

...many of the Govern... ...claimed spending cuts ...o this same category. ...ads, sewers and water ...re rapidly deteriorating ...years of underspending ...ssary repair and renova... ...k.

...Budget's further post... ...nts of this work will ...much higher costs in ...e short and long term ...totally illusory forms ...g.

...loar,
...dridge Road, ...ms, Herts.

...e rate of ...ation

...r. H. Cole

...Can you not use your ...e to stop the lunacy of ...and forecasting the rise ...retail price index by ...e to its level twelve ...earlier?

...lunacy because all that ...achieves is to tell us ...uch prices rose in a ...ar month as compared ...e same month in the ...year.

...erely can this disguise, ...eed appear to reverse, ...e underlying trend, but ...ents a special danger ...impending large jump ...index following the

Our flesh, and that of trade union negotiators, is being made to creep with a prediction, stupidly made by the Government itself, that by November the rate of inflation will reach 17.5 per cent.

This merely means that Ministers expect the index to stand at 237.9 in that month. But, assuming that they are correct in their forecast, the pace of the retail price index will then be decelerating.

By June, reflecting continuing price rises and the additional indirect taxes imposed by the Chancellor, the index will reach about 229 (compared with 214.2 in April). But if it then goes to 237.9 in November this is a further 3.4 per cent, representing an annual rate of change for the period from June to November of no more than 8.2 per cent.

It seems suicidally pointless to give the impression that inflation is going to be more than twice as bad as the Government actually expects — particularly as it has already been in double figures since December of last year.

Harvey Cole,
9, Clifton Road, Winchester.

Increases in VAT

From Mr. R. Bangerter

Sir,—Mr. Cole, (June 18) seems to have stumbled on an ideal way to reduce inflation, but why stop at the 7 per cent used in his example?

For instance, on the basis of his arithmetic, if the Chancellor had increased VAT by 100 per cent then:

1979 base price	100
1980 price	110
Inflation 10 per cent	
1979 price + VAT	200
1980 price	210
Inflation 5 per cent	

The Chancellor could bring inflation down to any level he chooses (apart from nil) by increasing VAT by a sufficient amount. I am afraid not, Mr. Cole!

Unfortunately we have to pay VAT on the inflated price, thus returning to the second part of Mr. Cole's example:

1979 price + VAT ...	107.0
1980 price	117.7
Inflation 10 per cent	

I trust Messrs. Healey and Murray are better mathematicians than Mr. Cole, and were not taken in by his dubious arithmetic. And, believe it or not, I am a statistician!

Robin J. Bangerter,
58, Whitmore Road, Beckenham, Kent

Making tax cuts

From Mr. Frank Field, MP

Sir,—I wrote (June 8) in support of Samuel Brittan's bravely stated case for cutting the tax allowance welfare state. The Government has refused to follow this advice and the dangers inherent in their budgetary strategy of making tax cuts in a traditional manner are admirably set out, again by Samuel Brittan (June 14).

Mr. Nelson has written (June 13) to question the figures I gave. True, in a short letter it was impossible to set out the assumptions on which it had been calculated that the average rate of tax for a person on £15,000 a year is 22 per cent. The assumptions and figures are, however, set forth in the Parliamentary Answer which I used (November 29, 1978, vol. 959, col. 222). And readers will see that the 22 per cent figure stands.

But how revealing are Mr. Nelson's results. By assuming that the taxpayer benefits less than most from the tax allowance welfare state, he shows an average rate for a £15,000-a-year man (pre-Budget changes) of 31.75 per cent. A figure staggeringly less than the statements we are being subjected to in the Commons in support of the Government's tax cuts which overwhelmingly benefit the rich.

This then is the basis of the double redistribution to higher income groups now being brought about. Their tax allowance welfare state has been left untouched and the tax cuts announced on Tuesday overwhelmingly benefit those on high incomes.

Frank Field.
House of Commons, SW1.

Employee share ownership

From the Chairman, Uni-Export Trading Company.

Sir,—I wish that politicians and lawyers would leave business to business men. Lord Shawcross's suggestion (June 14) to the Wider Share Ownership Council that employees should hold their shares in other companies rather than the one in which they work, is completely alien to the aim for which the shares are given. Any company which distributes shares among its employees does so to secure their loyalty and greater interest in the company for which they work, thus avoiding strikes and shabby workmanship.

Each individual employee is entitled to invest his money wherever he wishes, but if the companies followed the advice from Lord Shawcross it would amount to the same result as a false productivity deal.

E. G. Balzert.
Uni-Export Trading Company, 14a, New Broadway, W5.

Scottish land owners

From the Viscount of Arbuthnott.

Sir,—Last month I retired after five years as president of the Scottish Landowners' Federation, a term of office that was preceded by two terms each of three years as vice-convener and convener of the Federation's council. I could therefore have taken the comments of your contributor to Men and Matters (June 11) as a personal reflection on my period of office if I felt there was the slightest fragment of truth in the comment that "Land ownership has a bad name in Scotland just now!" His statement on "scandalous evictions" is totally unsubstantiated and I would be obliged for just one instance of the actions described in the circumstances given "by owners who want their estates exclusively for sport or as holiday recreation."

Scottish landowners have every reason to be proud of their contribution to a progressive Scottish farming and forestry industry and for their pioneer work in the development of a variety of recreational uses on their lands which are increasingly available to a larger number of people. The only "bad name" given to their activities is that by those apparently blinkered members of the Press who, as was the case in your recent edition are even prepared to "knock" an occasion deliberately given to them of interviewing a Scottish landowner on his own ground before the event without any knowledge of what was to be said or seen.

Arbuthnott,
Estate Office, Arbuthnott, Laurencekirk, Kincardineshire.

Observer writes: I was thinking mainly of the cases of Killiechronan and Torloisk estates on Mull (see "Dream cottages turn into a nightmare for Mull, island landlords start new clearances," Scotsman July 14, 1976, also "The unacceptable face of feudalism" Guardian, July 1976, and "The clearances, Mull 1975," Glasgow Herald, August 1975).

Sir Kenneth Alexander, chairman of the Highlands and Islands Development Board, gave details of the loss of jobs and reduction in stock numbers resulting from the eviction of tenants and farm workers from these two estates in a speech to the Scottish Landowners' Federation AGM in Aviemore (May 16, 1977). He described the incidents as "acute under-use of land resulting in loss of jobs to the extent that a whole community is undermined and crippled."

The houses vacated, on one of these estates at least, were put on the market as holiday homes.

No one who has written or spoken about these cases has found any agricultural justification for either the sackings or the sale of farm workers houses. In fact, agricultural production from the area has slumped.

A more recent case has been reported in Harris (Scotsman, November 15, 1978), where estate workers and domestic staff were made redundant by a Swiss landowner. The castle, which it had been said would be turned over to commercial use, was to be used "as a family home for a few months in the year."

The Landowners' Federation is also aware of reports in the Aberdeen Press and Journal in January this year and of a BBC Scotland documentary in February. These concerned the turning over of farm houses to letting for oil workers.

As far as land-owning having a bad name is concerned: recent debates at annual conferences of the Scottish National Party, Labour Party and Liberal Party are evidence of this, as is the correspondence in the local newspapers mentioned above following the reports quoted. Also the remarks of Sir Kenneth Alexander: "I have been struck by the number of occasions on which I have been taken aside to be told of some misdeed or other of a local landowner, an act or failure to act which is remembered and resented. To adapt a memorable phrase, the unacceptable face of feudalism is, when it appears, if anything less attractive than that other physiognomy to which Mr. Heath referred."

Today's Events

GENERAL

UK: The Economic and Social Committee of the EEC, meeting in London (until June 21), discusses energy situation, and methods for encouraging coal consumption.

Sheikh Yamani of Saudi Arabia speaks at British Shippers Council conference, London.

Iron and Steel Trades Confederation conference opens, Bournemouth (until June 22).

Royal Ascot opens (until June 22).

Overseas: EEC Agriculture, and Environment Ministers, meetings in Luxembourg.

Second day of Financial Times conference in New York on investment in U.S.

OFFICIAL STATISTICS

Balance of payments current account and overseas trade figures (May). Cyclical indicators for the UK economy (May).

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, second reading. Debate on EEC document and on the second supplementary memorandum on aircraft noise.

House of Lords: Kiribati Independence Bill, remaining stages. Debate on the Government's economic strategy.

COMPANY MEETINGS

Amalgamated Power Engineering, Queens Engineering Works, Bedford, 12. Bodycote International, 7 Charlotte Street, Manchester, 12.30. Brocks, Winchester House, 77 London Wall, EC, 11.30. Walter Duncan and Goodricke, Winchester House, 100 Old Broad Street, EC, 11. Duport, Midland Hotel, New Street, Birmingham, 12.30. Estate Duties Investment Trust, 91 Waterloo Road, SE, 12.15. Inter-City Investments, Winchester House, 100 Old Broad Street, EC, 10.30. M. F. North, Stanhope Court Hotel, Stanhope Gardens, SW, 2.30. Walter Runciman, 52 Leadenhall Street, EC, 12. Tarmac, Hyde Park Hotel, Knightsbridge, SW, 12. U.D.S., Churchill Hotel, Portman Square, W, 12. Wadham Stringer, Post House, Northney Road, Hayling Island, Hants, 12. Wilkins and Mitchell, Mount Hotel, Wolverhampton, 3. Winchmore Investment Trust, Great Eastern Hotel, Liverpool Street, EC, 12.

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UK COMPANY NEWS

Good year for Hambros: attributable tops £7m

AFTER REPORTING lower earnings for the first half, the second six months at Hambros banking group showed an improvement with the group producing an attributable profit for the year ended March 31, 1979 of £7.12m compared with £4.99m previously. Stated earnings per share are 33.64p against 23.55p.

The directors say the improvement was throughout all the group but particularly in banking, in unit trust operations and in investment performance.

The year's profit comprises banking, £1.41m against £1.39m, other operating profits less minority interests, £2.5m (£825,000) including an exceptional credit of £1.04m and associates' share, including Hambro Life Assurance, £3.2m compared with £2.78m.

There are to be added investment gains of group companies, £3.29m against £1.51m, share of associated companies' investment gains, £1.47m (£599,000) and extraordinary items, £10,000 against £1.76m leaving a balance of £11.68m compared with £8.86m.

The final dividend on the £10 shares (£2.50 paid) is 67.24p lifting the total from 96.0925p to 109.24p.

The dividend on the 25p shares is one-tenth of this amount while the payment on the £1 "A" shares is unchanged at 4.2p.

Last year, inner reserves were drawn on towards shipping loan provisions. This year, as existing provisions are already adequate, inner reserves have been increased, the directors say.

Shareholders' funds have advanced from £65m to £76m. Also at the year-end, there was an additional excess of £41m of market value over the balance sheet carrying values of listed associated companies — principally Hambro Life and Berkeley Hambro.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Beechwood well ahead at best-ever £704,255

AFTER THE midway upturn from £134,522 to £324,537, Beechwood Construction (Holdings), civil and mechanical engineering group, finished the March 31, 1979, year with pre-tax profits well ahead at a record £704,255, compared with £312,153. Turnover rose by 16 per cent. to £9.8m.

After tax of £56,879 (£52,556), earnings per 10p share were up sharply from 4.2p to 10.5p. A net final dividend of 1.5077p takes the total payment to 2.0746p against 1.829p previously.

Depreciation took £474,246 (£433,918) and interest charge was £247,667 (£155,344).

Mr. M. C. Thomas, the chairman, says satisfactory profit improvements were achieved in all fields of activity, particularly the engineering companies.

A revaluation of freehold and leasehold land and buildings produced a surplus of over £387,000. The bulk of deferred taxes have been transferred to reserves.

The chairman describes the *balance-sheet as greatly improved*. Shareholders' funds increased by 100 per cent from £1.62m to £3.26m.

During the year, the company bought Doncaster Well Borers and made a further investment of £742,000 in new plant and equipment.

● comment

Beechwood Construction looks to be back on course. Losses in two divisions have been eliminated (one closed and one revived) improving the pre-tax return by around £270,000. Taking this out of the equation, profits have still improved by 39 per cent despite the effects of the bad weather on winter operations. Interest charges are around 60 per cent higher, due to an acquisition and heavy capital investment, but gearing is well down since deferred tax transfers have helped to double shareholders' funds. And with a property revaluation yielding £347,000, the balance sheet looks much sounder. The yield is almost 10 per cent and the dividend is covered five times, so the shares, at 33p, look a little humble on a stated p/e of three. On the other hand, fully taxing profits brings the p/e above the sector average to 5.7, while the company accepts that last year's gains are unlikely to be repeated. *Around 25 to 30* per cent of working time was lost through bad weather during May and, since the bulk of its work is done outdoors, the group may be too much a prey of the elements to deserve a much higher rating.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beechwood Cnstrn.	1.51	July 28	1.3	2.07	1.83
Brown and Tawse	4.5	Aug. 9	3.64	5.87	4.89
Chamberlain Phipps	1.81	Aug. 10	1.24	2.81	2.16
Dawson Intnl.	4†	Aug. 29	0.99*	7	1.88*
Gt. Northern Inv. int.	1.5	Aug. 15	1.29	—	4.5
Hambros	67.2	—	58.5	109.2	96.1
Hanson Trust int.	3.33	July 31	3.03	—	7.02
Old Swan Hotel	0.36	—	0.36*	0.66	0.59*
Progressive Secs. Tst.	2.14‡	July 5	1.9	3.19	2.8
Shaw and Marvin	0.35	July 30	Nil	0.35	Nil
600 Group	2.63‡	—	2.26	4.87	4.11
Throgmorton Tst.	2.25	Aug. 3	2	—	4.88
Time Products	5.02‡	—	1.25	5.5	1.69

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased following reduction in ACT.

J. SMURFIT

Jefferson Smurfit Group announces that 70 per cent of the shares offered in its one-for-six rights issue at 150p a share have been taken up and the balance sold on the market.

Hanson Trust £12.5m so far

TOGETHER with a one-for-two rights issue, Hanson Trust reports record half-year pre-tax profits of £12.5m compared with £11.4m in the same period last year.

Figures for the half year—to March 31—show stated earnings per share at 10p against 9p. The interim dividend is stepped up from 3.025p to 3.3275p and the directors are forecasting a final dividend of 4p on the enlarged capital.

Sales for the half year went ahead from £286m to £345.1m with agriproducts in the U.S. contributing £170.5m (£155.6m) and *£13.6m (£14.8m) in the UK*. Industrial services in the U.S. contributed sales of £120.8m (£86m) and £40.2m (£29.6m) in the UK.

A profit analysis shows U.S. agriproducts at £3.9m (£3.5m) and £0.5m (£1.1m) UK. Industrial services in the U.S., £4.9m (£3.3m) and UK, £4.8m (£3.4m).

After tax and minorities, the half-year attributable profit was ahead at £6.8m compared with £6.3m.

See Lex

SIMON ENGRG. RIGHTS RESULT

Nearly 3.76m shares representing 90.7 per cent of the rights issue by Simon Engineering have been taken up and the rest sold in the market at a net price above the subscription price.

The excess, after deduction of expenses, of some 1.04p per share will be distributed in due course to the persons to whom such shares were provisionally allotted.

Scottish Amicable raises with-profit bonus rates

IMPROVED BONUS rates on all with-profit contracts have been declared by the Scottish Amicable Life Assurance Society.

On the principal bonus series, the interim bonus rate is lifted to £4.25 per cent per annum of the sum assured and £5.25 per cent per annum of attaching bonuses, against the previous rates of £4.10 per cent and £5.10 per cent respectively.

On the Flexidowment contracts (second series), the *new bonus rate is £3.90 per cent* per annum of the sum assured and £6.20 per cent per annum *of attaching bonuses, compared* with £3.75 per cent and £6 per cent respectively.

On the company's self-employed pension contract, Flexipension, the bonus rate is now £4.10 per cent per annum of the retirement sum and £6.70 per cent per annum of the attaching bonuses, an increase of *10p on the retirement sum bonus* rate and 70p on the attaching bonus rate. A similar rate is payable on the Superannuation (second series).

Scottish Amicable has also improved its terminal bonus rates. On maturity or vesting claims, the bonus is now £1 per cent of the basic benefit plus attaching bonuses for each complete year except the first five years. Previously the rate was 80p per cent. On death claims the same improvement is made on the scaled-down payment.

Hambros Investment Tst. expects revenue growth

With the lifting of dividend restraint in prospect Hambros Investment Trust is optimistic of furher growth in its revenue in the current year, says Mr. J. O. Hambro, the chairman.

Present conditions have made the company view the short term with caution and, therefore, the trust has become more liquid since year-end. However, on the longer view, having regard to the historically low valuation of share prices in both the UK and the U.S., the directors are confident that their large investments in equities in these areas will prove rewarding.

As a March 31, 1979, investments totalling some £51m (£42m) were distributed, in percentages, as to U.K. 67.88 (65.99); U.S. 27.26 (28.44); Canada 1.15 (0.96); Pacific area 2.74 (2.94) and elsewhere 0.97 (1.67).

Throgmorton Trust up to £1.55m so far

Pre-tax revenue of The Throgmorton Trust rose from £1.35m to £1.55m in the six months to May 31, 1979. Gross revenue reached £1.72m, against £1.56m.

Tax took £530,029 (£466,334), *leaving net profit* higher at £1.02m compared with £883,529. Fully diluted earnings per 25p share are shown at 2.31p (2.05p).

The net interim dividend is raised from 2p to 2.25p—last year's total was 4.875p on taxable profits of £3.06m. The net asset value, taking prior charges at par and allowing for full conversion of the unsecured loan stock, increased 20.2 per cent to 119.4p (20.3p).

Taxable profits were struck after administration and interest charges of £174,434 (£208,816).

Gt. Northern Investment slightly lower

Taxable revenue of Great Northern Investment Trust for the half year to May 31, 1979, *was fractionally lower* at £1,934,360, compared with £1,969,900. Net asset value per 25p share at half-time stood at 149p against 137p at the end of 1977-78.

Tax for the half-year of £718,076 (£611,758), left the net balance at £1,216,284 (£1,358,142).

The net interim dividend is stepped up to 1.5p (1.29p) per 25p. Last time a 3.21p final was paid from net revenue of £2.31m.

Mercantile House new issue

Mercantile House Holdings, the parent of leading international money broker, M. W. Marshall and Co., intends to make an offer for sale to the public in July.

The timing is dependent on market conditions being favourable but S. G. Warburg and Co. is pressing ahead with the necessary preparations and Cazenove and Co. have agreed to become brokers to the issue.

There is already an unofficial market for the company's shares which are owned by several institutions, by Mercantile directors and staff. No final decision has yet been taken on the mix of new shares and old shares that will constitute the offer.

Beside the international money broking activities the firm is, through its other subsidiary, Saturn Holdings, involved in financial services such as *domestic money market* and leasing advice.

It has an April year-end and recorded a pre-tax profit of £1.7m in 1977-78. The figure in the latest year is expected to be substantially better.

The final decision on the price of the new shares has not yet been made but it is expected that the company will have a market capitalisation of between £9m and £10m.

Avenue Close

The directors of Avenue Close, property investment and development group, look forward to the future *with confidence*, according to Mr. J. Julius, the chairman, in his annual statement.

Dawson Int. reaches £16m and lifts dividend 270%

DESPITE HAVING to contend with a much less buoyant state of world trade than in the previous year, in which unusually favourable trading conditions applied, Dawson International improved taxable profits from £15.53m to £16.26m for the March 31, 1979, year. In addition, the company is hoisting its dividend payments by 270 per cent.

The results includes a better-than-expected performance from John Haggas, which was acquired towards the end of last year. Excluding attributable profits of the Haggas group from January 1, pre-tax profits of the textile manufacturer were £15m, compared with the forecast of £14.5m made at the time of the unsuccessful bid from William Baird and Co.

This forecast did not take into account the cost in the year of interest on the cash element of the consideration paid to Haggas shareholders, estimated at £0.3m.

At the halfway stage, profits were up by 17 per cent to £6.63m and the directors said they were confident that the forecast would be met.

External sales for the year increased from £82.6m to £96.2m, including sales in overseas markets of £47m (£43m) which *comprised 49 per cent of the* total. Pre-tax profits were boosted by interest receivable amounting to £1m, compared with a £52,000 charge.

There was no material effect from stock appreciation on the year's profits nor was there any significant effect from currency fluctuations.

The directors say it is difficult to forecast results for the current year. Exports comprise 42 per cent of the group's business and to that extent Dawson depends on the economies of these overseas countries, exchange rates, and other factors beyond its control.

However, they expect that profits, including the valuable contribution from Haggas will show further growth.

Earnings per 25p share, on capital increased by the Haggas acquisition, are shown as 21.4p (23.2p adjusted for scrip issue) or as 20.7p fully diluted. The net dividend total is effectively stepped up from 1.87595p to 7p, with a 4p final.

	1978-79 £000	1977-78 £000
External sales	96,174	82,597
Trading profit	17,150	17,030
Interest receivable	1,003	*52
Depreciation	1,893	1,448
Profit before tax	16,260	15,530
Taxation	6,566	5,463
Net profit	9,694	10,067
Extraord. debit	251	†6
Attributable	9,443	10,073
Dividends	3,358	830
Retained	6,085	9,243

* Payable. † Credit.

The group's financial position *was further strengthened during* the year. Funds generated from trading amounted to £17.7m. And additional funds of £1.6m were generated from efficiencies in the use of working capital. At the year end, investments, cash and deposits totalled £21... against a market value of £2...

Fixed assets were substantially increased from £6.08m to £19.93m, including a revaluation surplus on property of £7m. ... assets employed reached £52... (£37.99m).

● comment

At the pre-tax level, Dawson has delivered the goods. It comfortably exceeded the £1... forecast made in the offer document for John Haggas late ... year. Behind the figures ... good performances by ... members of the group. There were no violent fluctuations ... the prices of cashmere—w... appeared to peak early in ... year and could have forced ... group to make provisions ... stock. Overall trading conditions were not quite so buoyant ... 1978-79 as they were in ... previous year and margins ... under a little pressure. Exports (which contribute roughly ... of sales) fared well in hard currency markets but not so ... in the U.S. For the current year, order books are fatter ... they were last year and ... Chancellor's new tax measures may help domestic sales. ... shares edged up 3p to ... yesterday giving a p/e of 5 ... yield of 9.8 per cent. It ... undemanding rating for a ... with reasonable prospects.

Chamberlain Phipps increases 22%: sees further progress

TAXABLE profits of Chamberlain Phipps rose 22 per cent from £3.19m to a record £3.89m in the year to March 31, 1979, on turnover 16.5 per cent higher at £59.44m, against £51.44m.

At midway, the surplus was up from £1.24m to £1.51m.

Mr. W. R. F. Chamberlain, chairman of the manufacturer of components and materials for the footwear, clothing and automotive industries, is confident the group will again make good progress in the current year.

But he is concerned about the rate of inflation, the supply and price of oil, and the possibility of a downturn in world trade.

After tax for the year of £1.42m (£1.23m), earnings per 10p share are shown to have risen from 7.97p to 9.78p. The net final dividend of 1.8054p lifts the total 30 per cent to 2.8054p (2.158p).

The chairman says £50.18m of total sales were made by UK companies and £9.26m by overseas companies. Exports increased 9 per cent to £8.54m—meaning 30 per cent of sales were outside the UK.

Profit margins again increased while the overseas companies' contribution to profit rose substantially.

The footwear manufacturing industry received £38m of group sales, of which 64 per cent was sold in the UK and 36 per cent overseas. The shoe components, Phipps-Faire and moulding divisions each had a good year.

Although additional investments were made in certain overseas companies and in machinery and plant during the year, total debt was marginally lower, the chairman says.

● comment

In spite of relatively flat demand in the UK footwear industry and the export difficulties resulting from a stronger pound, Chamberlain Phipps shows no sign of slowing down. Full-year profits are 22 per cent higher, reflecting real growth of nearly a tenth. *The improvement in* margins is mainly due to better productivity overseas—a picture that would have looked more impressive but for adverse currency movements. At home, CP is making gains in market share on the footwear side, although the general industries di... (23 per cent of group p...) slipped slightly due to *difficulties in the motor in...* and a small loss on the de... ment of a new pack... product. Although the UK ... wear industry will rema... important outlet, CP sees a modest upturn in demand ... the next few years. While ... company can probably co... *to increase its market sha...* spearhead for growth w... overseas and in the gene... dustries division where m... this year's £3m capital ex... ture will go. At 55p the ... are on a p/e of 5.4 whi... yield is 7.9 per cent.

Courtaulds to step up capital expenditure

...e development of new and ...oved products and a ...ramme of opening up ...er business opportunities ...ed by increased capital ...nditure and substantial ...ress in eliminating loss-...ing activities are announced ...e directors of Courtaulds, man-made fibres group, in ...annual report.

...search and development ...t has again been geared to ...ting the fibre, textile, paint ...packaging activities to ...lop new and improved ...ucts, they say. This is as ...rtant in such established ...s as cellulosics as it is in areas like carbon fibres.

...addition a programme of ...rch is under way directed ...rds opening up new ...ess opportunities in close ...iation with established ...ercial managements.

...e low level of capital ...ling in 1978-79 was £50.5m, ...reflecting the need to ...ve improved returns on ...ties where significant ...tment has already occurred ...e committing further ...rces.

...s represents "a low point ...group's capital expenditure ...amme and a significantly ...r level can be expected ...year."

...estments in the UK have ...ued to take full advantage ...encouragement offered by ...nment. In the past eight ...Courtaulds spent £469m in ...n this country, of which ...cash support from ...nment amounted to £64m— ...per cent of the total.

...ital expenditure authorised ...utstanding at the beginning ...new financial year amoun-...£47m while working capi-...creased by £1.5m over the ...the directors add.

...accounts show that out-...ng commitments at balance ...dates in respect of uncom-...contracts for capital ...diture amounted for the ...to about £15m (£9.2m) ...or Courtaulds Ltd. to about ...(£1.1m) externally and ...(£0.4m) to subsidiaries.

...ital expenditure authorised for the group but not yet subject to contract amounted to £32.1m (£18.7m) and for Courtaulds Ltd. to £7.4m (£6.1m).

For the year ended March 31, 1979, the group's cash resources were unchanged after taking into account the proceeds of disposing of fixed assets and investments amounting to a net figure of £27.3m. The major item was the sale of the subsidiary, the Delta and Pine Land Company of Mississippi. Loan repayments of £61.8m included the DM 100m of 7¼ per cent unsecured loans 1988 and the SwFr 50m 5¼ per cent bonds 1978/82.

Pre-tax profits adjusted for inflation are reduced to £8m (£7m). Additional charge for depreciation would amount to £59m (£53m) and £23m (£16m) for the replacement of stocks. Inflationary gains on monetary working capital and other monetary liabilities, less assets would give rise to credits of £3m (£2m) and £23m (£20m) respectively.

An analysis of historic pre-tax profit shows (in £m) fibres and yarns contributed £29.1 (£33.2); fabrics £16 (£5.2); consumer products etc., £20.8 (£19.6); paint £17.7 (£17.1); packaging, £8.6 (£9.3). Central expenses were £8.7m (£9.5m); associates, £3.3m (£3.4m) and net interest and financing items, £22.8m (£24.6m).

The directors say energy conservation continued to have high priority. Measures taken in the four years since 1974 are estimated to have resulted in a saving of £10m in energy costs in 1978-79.

A proposal was approved for equipment at Grimsby to burn processed domestic refuse with coal and will achieve significant savings in energy costs over the next few years.

The effect of these repayments, together with other Deutschemark repayments made previously, has been to reduce significantly the group's exposure to exchange rate movements on foreign currency borrowings.

For 1978-79, group pre-tax profit rose from £53.7m to £64m for the year to March 31 last. Dividend total is raised from 7.559p to 8.438p a 25p share.

Substantial progress has now been made in eliminating loss-making activities, the Board states.

The increase of some 7 per cent in the volume of exports was achieved in spite of the reduced competitiveness of sterling but margins have inevitably been eroded because of the growing disparity between the increase in UK costs compared with those of competitors with no corresponding adjustment in the exchange rate.

Increased productivity helped the group contain its costs more successfully than UK industry in general but the group has been unable completely to insulate itself from the prevailing industrial climate and some business built up with many years of effort is now unprofitable.

Profit would have been some £20m higher but for this disparity between cost and exchange rate.

See Lex

BOARD MEETINGS

TODAY

Interims: John Carr, Crest Nicholson, James H. Dennis, Godfrey Davis, Dundee and London Investment Trust, J. H. Fenner, Record Ridgeway, Trusthouse Forte.

Finals: Batsoora Tea, Bradford Property Trust, E.R.F., Globe Investment Trust, Hargreaves Group, Northern Securities Trust, J. T. Parrish, Tecalemit, United Spring and Steel.

FUTURE DATES

Interims—	
Anglia Television	June 20
Brunner Investment Trust	June 22
Caledonian Holdings	June 27
Charter Trust and Agency	June 21
Countryside Properties	June 26
Cronite Group	June 23
Derby Trust	July 26
Grange Trust	June 22
Greenfriar Investment	July 19
Vectis Stone	June 23
Finals—	
Austin (E.) (London)	June 22
Brickhouse Dudley	June 27
Brownlee	June 28
Cawdaw Industrial	June 29
Continental and Indust. Trust	June 21
Elliott Group of Peterborough	June 25
Ferguson Industrial	Aug 3
Finance and Industrial Tst.	June 22
Melody Mills	June 25
Mitchell Somers	July 12
Rediffusion	June 29
Somic	June 28
Victoria Carpet	June 22
Walker and Staff	June 25
Wharf Mill	June 22
Whitecroft	June 23

Brown & Tawse ahead to £3.8m

RECORD pre-tax profits of £3.8m for the year ended March 31, 1979, are reported by Brown and Tawse, steel and tube stockholder and engineer. The profit compares with £3.33m in the previous year.

First half profits had risen from £1.62m to £2.03m and directors had expected the year's profit to show an increase over 1977-78.

Earnings per share are stated as 30.7p against 17.6p and the final dividend is 4.5p lifting the total from 4.887p to 5.873p.

Turnover rose from £42.5m to £49.72m. Profit is struck after interest of £583,000 (£384,000) and depreciation, £594,000 against £391,000. Tax takes £1.84m compared with £1.58m.

After a £1.15m (nil) release of deferred tax on stock relief and a £3,000 overprovision in the previous year (£30,000 underprovision) there is a balance of £3.12m against £1.78m.

● comment

Brown and Tawse blames the effect of the transport strike on the plant hire and engineering division for its failure to live up to the prospects indicated at the interim stage. Stockholding, despite yet another static contribution from the dominant tube side, appears to have performed well and margins have been broadly maintained now that the flood of cheap imports has been choked off.

If the £230,000 shortfall on plant hire in the second half is recovered this year, B and T should be readily capable of matching the earlier outside projections of at least £4m pre-tax. Yet much depends on the length and severity of the coming credit squeeze and customers' ability to expand, or even maintain, their inventories. For the moment, the picture is very much one of post-winter recovery and, as the latest industrial statistics suggest, the group was operating at peak levels last month. For its own part, and the group will surely not be alone in this, cash considerations may have tempered the dividend increase and the higher payment is covered over three times. The yield at 147p, down 4p yesterday, is 6.1 per cent which like a fully taxed p/e of 7.9 is taking an entirely neutral view of the prospects.

Internatnl. Distillers soars

PROFIT OF International Distillers and Vintners for the six months to March 31, 1979, soared from £3.47m to £14.23m after tax and minorities. Sales by the group, which is a subsidiary of Grand Metropolitan, were £43.22m ahead at £237.86m.

This time there was tax relief of £682,000, compared with a £4.19m charge.

For 1977-78 the surplus was a record £17.84m (£17.22m) pre-tax.

19 companies wound up

Orders for the compulsory winding up of 19 companies have ben made by Mr. Justice Slade in the High Court. They are: Building 2 Design, Fabler, Destination London, Victorush, Deacon, Davies and Fox.

D. M. Shefford and Co. (Insurance Brokers), Encliffe Grove Holdings, Wardhill Estates, Connaught Engineering, Island Factors, Woolshire, Art Shop Group of Companies, Cannonquest, Volkauparts, A.T.S. Vending, Space Design, Chess Valley Concrete (Sales), Racex and D. Roberts Foss.

Trans-Oceanic Trust rises to £654,000

Revenue of The Trans-Oceanic Trust increased from £535,400 to £653,865 in the six months to April 30, 1979, before tax of £252,453, against £192,800.

A net interim dividend, stepped up from 1.5p to 2p to reduce disparity, has already been paid. Last year's total was 5.5p on taxable revenue of £1.15m.

Total net assets with investments at market value totalled £33.82m at April 30, 1979, compared with £30.24m at October 31, 1978, giving net asset value of 262.5p (228.8p) including 17.9p (23.9p) in respect of the full investment currency premium.

Shaw & Marvin £43,232 profit

Following the midway recovery from losses of £12,784 to a £4,960 profit, Shaw and Marvin, mercer, dyer and knitwear maker, reports pre-tax profits of £43,232 for the year ended March 31, 1979 compared with a £7,656 loss in the previous year.

And the directors are returning to the dividend list with a single 0.35p payment — the last dividends totalled 0.7p in 1976-77.

With the expected acquisition of two small local textile companies, the group intends to up-market its products, which the Board hopes will result at the interim stage in an expected profit of at least £30,000. If the trading trend is then favourable, resumption of interim dividends will be considered.

Turnover for 1978-79 improved from £1.82m to £1.98m. Tax charge is £22,000 (£2,193 credit) giving earnings per share of 1.415p against a 0.364p loss.

The directors say the current year has so far been encouraging and a further contribution should be added when the two acquisitions are completed.

UNILEVER

The board meeting of Unilever announced for June 28 is to consider payment of the deferred balance of ordinary dividends and further payment re the final for 1978 following the tax cut.

MINING NEWS

Texasgulf lifts production

THE TIME is right for Texasgulf because world demand for the essential resources it produces will continue to accelerate, Dr. Charles Fogarty, the chairman, told Toronto financial analysts.

"Texasgulf is well-positioned as demand for its products grows. We have well located large reserves. We have efficient, well-maintained modern plants in place with capacity being expanded," he said.

The group, which is based in Connecticut, is 30 per cent-owned by Canada Development Corporation, the state-sponsored agency. Nearly half of its sales and 53 per cent of its pre-tax earnings come from Canada, writes **John Soganich** from Toronto.

First quarter metal sales were *60 per cent higher than in the* same period of 1978, while operating income responded to the rise in metal prices and moved 142 per cent higher, Dr. Fogarty noted.

Production at the Kidd Creek base metals operation in Ontario is rising. This year 4m tons of ore will be milled, against 3.3m tons in 1978 and 3.6m tons in 1977. By the end of 1981, the concentrator will be able to operate at its capacity of 5m tons a year.

Zinc plant production, held at 65 per cent of capacity last year *to avoid the build-up of inventories*, is now working at full capacity.

Kidd Creek operating costs are low in any case, but Texasgulf is pushing ahead with metallurgical projects to reduce costs further. The recovery of tin and the recovery of additional value from pyrites are considered as metallurgical challenges.

At present Texasgulf is recovering only 3 per cent of the tin available, and the pyrites, which contain silver, zinc and tin are being stockpiled.

DIAMONDS LURE WHIM CREEK

Australia's **Whim Creek**, a member of the Irish-Canadian **Northgate Group**, has joined the "diamond rush" in Australia's Kimberley region.

In the annual report, the company said that it has acquired three diamond properties in the area. It has pegged 94 mineral claims in the West Kimberley Goldfield approximately 50 kilometres north-west of the Ashton diamond discovery.

A joint venture has been started with a consortium of companies for diamond exploration of five temporary reserves adjoining the East Kimberly mobile zone. The temporary reserves are adjacent to areas where small diamonds have been found.

The consortium is comprised *of Metana Minerals, North West* **Mining, Haoma Gold and Uranium Consolidated.**

The third diamond exploration concerns 12 mineral claims in the Cockatoo Bore area 75 km. *south-east of the Ashton diamond* area.

On gold, the company said *feasibility studies for developing* the Haveluck gold deposit have been completed, detailed engineering design commenced and operations planning initiated.

The feasibility study concluded that a heap leaching operation based on the Haveluck deposit *would be attractive at prevailing* gold prices. The operation would break even at a gold price of about U.S.$159 an ounce and be financially attractive at U.S.$195—well below current levels.

NEW PLANT FOR LEPANTO

Lepanto Consolidated, the copper *producer in the Philippines*, has received Board of Investment approval for the construction of a Pesos 67m (£4.4m) roaster plant with an annual capacity of 18,000 tonnes, reports **Daniel Nelson** from Manila.

The Lepanto orebody has a high arsenic content, which has made the company heavily dependent on Asarco of the U.S. for continued operation.

A statement from the Board of Investment said the new plant would relieve Lepanto of *existing problems in marketing* copper concentrates and "allow it to forecast sales with greater confidence and plan a production schedule over a longer period."

OIL AND GAS NEWS

Mobil's second success offshore Sable Island

MOBIL CANADA has made a second gas find in a well drilled with partners near Sable Island about 150 miles south-east of Halifax, Nova Scotia, reports *Robert Gibbens from Montreal.*

The Venture D-23 well flowed gas at a restricted rate of 22.6m cubic feet daily and condensate at 294 barrels daily from a 50-foot interval below the 15,000 feet level.

A previous test 800 feet deeper in the well flower gas at 10.2m cubic feet daily and condensate at 140 barrels daily.

Another zone nearer the 14,000 feet level will be tested next. Partners with Mobil are **Petro-Canada**, the national oil company, **Texaco Canada**, and *Kaiser Resources Ltd.*

* * *

Egyptian Petroleum Development Company has confirmed that it has encountered oil in a test drilling site on Egypt's Red Sea coast.

The company, a wholly-owned Japanese firm, has been prospecting for oil in the West Bakr area since 1975 under a joint development and production sharing agreement with the Egyptian Government.

The successful well, the fifth *of six test wells, flowed oil at a* rate of between 1,200 to 1,300 barrels a day from a depth of 2,300 feet. However, more time will be needed to determine whether the deposits would be commercially viable.

The company declined to comment on newspaper reports that the deposits would be able to produce 20,000 to 30,000 barrels of oil a day on a commercial basis.

Under the terms of the 1975 agreement 85 per cent of any oil output goes to the Egyptian **Petroleum Organisation** and 15 per cent to the Japanese company.

Egyptian Petroleum Development was formed in 1972 by a consortium of 36 Japanese firms. It has a capital of Y5.59bn, 46 per cent of which is owned by the semi-official Japan National Oil.

* * *

At the annual meeting of *Central Pacific Minerals recently* held in Sydney, the chairman, Mr. Ian MacFarlane, told shareholders that negotiations aimed at finding partners for development of shale oil deposits in Northern Queensland are still continuing.

Discussions are being held through the company's merchant bank in New York with a number of American oil companies.

Mr. MacFarlane said that about A$280m (£150m) would have to be spent by 1982 to develop the deposits at Rundle, near Gladstone.

* * *

Abu Dhabi increased crude oil exports to 131m barrels in the first quarter of year compared *with 127m barrels in the previous* quarter according to the official United Arab Emirates news agency. The increase was to help meet shortages on the international market.

However, Abu Dhabi's 1978 oil output fell 8.5 per cent over the previous year's production to 730m barrels. Crude exports totalling 724m barrels also fell 8 per cent below 1977 sales.

BIDS and DEALS

Dorada pays £1.45m for three power saw companies

Dorada Holdings, the motor vehicle distributor and engineering concern, is paying a total of £1.45m for three companies which specialise in the manufacture of power saws.

The purchases, says Dorada, are part of the company's policy of developing its manufacturing interests and reducing its dependence on the motor trade.

The acquisitions will fit in with an existing Dorada subsidiary Charles Wicksteed and Company, which makes hydraulic saws for the engineering industry.

The new companies, Alexander Machinery (Dudley), Qualters and Smith Bros. (of Barnsley) and Richard Haighton (also of Barnsley), will enable Dorada's *engineering group* to produce equipment with a wider range of cutting equipment capacity than is presently available from Wicksteed.

Combined profits before interest and tax and turnover of the three companies for the year to June 1978 were £326,000 and £4.07m respectively.

Consideration for the purchase has been satisfied by the issue of 1.5m Dorada shares and £512,000 in cash.

SUITS DIRECTORS ADVISE ACCEPTANCE

The dissident directors of **Scottish and Universal Investments** are now advising minority shareholders to accept Lonrho's increased offer rather than be locked in as an impotent minority group.

The three directors, Mr. Hugh Laughland, *the former chief* executive, Mr. Henry Cowan, and Mr. Barrie Anderson, have themselves accepted the offer. Sir Hugh Fraser has also accepted on behalf of his family trusts.

SIEMSSEN HUNTER —APPROACH MADE

Siemssen Hunter, the cigar importing and specialist publishing group, has received an approach from "an acceptable outside source who wish to begin discussions about a possible association with the company."

The directors stress that this is a preliminary approach and it is not possible to predict the outcome or indicate when a further announcement could be made.

ADP SUSPENDED

Shares in **Amalgamated Distilled Products** were suspended at 48p yesterday. ADP's directors said discussions were taking place which may result in "an association with a third party" but this will not involve a general offer to shareholders.

HARDY FURNISHERS

Hardy and Co. (Furnishers), the subject of a tentatively agreed bid from Harris Queensway, has just boosted the value of its property portfolio by around £0.5m.

Phillips Furnishing Stores, a subsidiary of Hardy, has just paid £200,000 for a freehold property in Birmingham's High Street, next door to its own existing shop. Phillip's own double-unit shop was last valued at £750,000 in April 1978.

By marrying that property to the next door shop the value of the total site, according to professional valuation a fortnight ago, rises to £1.5m—a surplus of £½m.

BARKER AND DOBSON

Mr. Harold Smith, a director of **Barker and Dobson Group** has resigned from the Board but will be carrying on as a full-time consultant to the company.

CLOSE BROTHERS

Close Brothers, which provides specialist advisory services to larger private and smaller listed companies, announces that a consortium, consisting of London and Yorkshire Trust Holdings, Safeguard Industrial Investments and the present chairman and executive directors of Close Brothers, has agreed to acquire all of the issued share capital of Close Brothers, and its subsidiaries, from the Consolidated Gold Fields Group.

SHARE STAKES

Automotive Products—Pinion Investments has bought further 100,000 shares. E. G. Barr, director, is also a director of Pinion.

Sekers International—Grovewood Securities holds 465,000 shares.

Whitbread and Co.—Whitbread Investment Co. has bought 170,000 "B" ordinary shares making holding 5,023,636 "B" (45.44 per cent).

North British Properties—K. Bell, director, has sold 20,000 shares.

Simon Engineering expands in U.S.

Simon Engineering, the process plant and special machinery *group which has just completed* an £11m rights issue, is stepping up its presence in the U.S.

Simon announced yesterday that it is paying at least $2.8m (£1.33m) for the Allen and Garcia Company of Chicago, a move which the group says is in line with the policy of strengthening its position in energy-related fields. The purchase price could rise to $4m (£1.9m) under an "earn-out" arrangement based on future profits.

Allen and Garcia is a designer and contractor *in the fields of* coal preparation, washing, handling, storage, blending and unit train loading.

A spokesman for Simon said the group has built coal preparation plants in the U.S. in the past. The acquisition, however, would give Simon a direct entry into this market.

In March, Simon paid almost £4m for *Unichem International* of New Mexico, a supplier of specialised oil field chemicals.

Meanwhile, Mr. Harry Harrison, chairman of Simon, told shareholders at the annual meeting that he did not wish them to think the group's recent new ventures and acquisitions would be net contributors to company *profits from the outset.*

Much of the company's growth strategy, he added, had been built on the assumption that it will be some years yet before there is a return to the buoyant trade conditions of the late 1960s and early 1970s. Mr. Harrison said the results so far achieved "vindicate our decisions" and, despite the difficulties ahead, "the board is looking for further reasonable profit progression during this year."

NSS NEWSAGENTS

NSS Newsagents has paid **AJM Newsagents £851,000** for the County News Group of 16 shops, all situated in and around Leicester, thereby increasing *their retail outlets to a total of* 439.

LADBROKE HOTEL

Ladbroke has paid £1.9m in cash for the entire issued share capital of the private company owning and operating the Pennine President Hotel at Huddersfield.

Mr John Jarvis, chairman and managing director of Ladbroke Hotels and Holidays, commented "Our planned growth over the last 18 *months* has been rapid and, with the recently announced acquisition of the Westmoreland Hotel, we will have 3,500 bedrooms in 32 hotels nationwide."

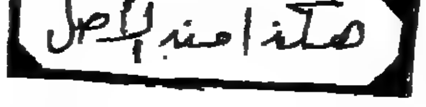
SUTER BUYS YORKSHIRE LAMP

Suter Electrical is paying a maximum of £1.1m for **Yorkshire Lamp Company**, importers and distributors *of auto electrical* lamps based at Leeds.

The pre-tax profit of Y.L. for the year to May 31, 1978, was £124,401, and the net tangible assets at that date were £259,000.

The purchase consideration will be £600,000 and a further amounts (if any) not exceeding £500,000 — to be calculated on the basis of Yorkshire Lamp's pre-tax profits over the next three years.

The agreement provides that the company may discharge the purchase consideration by *payment in cash and/or the issue of* such number of shares or other securities of the company.



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BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESS FOR SALE

HOTELS AND LICENSED PREMISES

MANAGEMENT COURSES

BUSINESSES WANTED

NORTH AMERICAN NEWS

NLT 'not interested' in Ashland Oil deal

NASHVILLE—NLT Corporation "Isn't for sale," Mr. Russell L. Wagner, the chairman said yesterday.

Accordingly, he continued, the insurance holding company "is not interested in any business combination with Ashland Oil or anyone else."

He added that the company recognises its obligation to consider carefully any offer which might be made, but "will resist any unilateral attempt to take over NLT which is illegal or which is at a price which NLT considers inadequate or which is otherwise not in our shareholders' *best interests*."

His statement followed an announcement last week by Ashland Oil that it had acquired an option to buy about 3m shares of NLT common stock at $30 a share from American General Insurance.

Meanwhile, in response to NLT's announcement, Ashland Oil said that any offer it might make for NLT's shares would be at a price beneficial to NLT shareholders.

Ashland said it "intends promptly to review various proposals which if approved by the Ashland Board will be transmitted to NLT for its consideration." Ashland declined to elaborate on its statement.
AP-DJ.

Decision today on GPU loan

By David Lascelles in New York

A GROUP of major banks is to decide today whether to advance several hundred million dollars to General Public Utilities (GPU), owner of the Three Mile Island nuclear plant where an accident in March nearly crippled the company financially.

Mr. William Kuhns, the chairman of GPU, has warned that unless the company gets the credit as well as the right to pass on some of the costs to its customers, it faces "dire circumstances" including the possibility of bankruptcy, in the coming months.

AP-DJ reports from New Jersey — The New Jersey Board of Public Utilities has granted General Public Utilities a rate boost of about 6.1 per cent to help cover the costs of the accident at the Three Mile Island plant.

Harnischfeger files against Citibank over Paccar bid

BY JOHN WYLES IN NEW YORK

CITIBANK has joined the ranks of lenders accused of misusing confidential information by companies which are the targets of unwelcome takeover bids.

In a court suit aimed at blocking Paccar's proposed $178m tender offer at $20 a share, Harnischfeger Corporation claims that Citibank, which numbers both companies among its clients, "breached its duty of undivided loyalty" by advising Paccar to launch the takeover.

One of the basic operating principles of U.S. banking is the existence of an invisible "Chinese Wall" to ensure that information obtained from a customer in one area of a bank's activities will not be used elsewhere. But the effectiveness of the wall has been questioned in an increasing number of takeover cases.

At the end of 1977, Continental Illinois Corporation was caught up in the cross fire of the battle between Humana and *American Medicorp*. Court rulings in that case apparently established that a bank is free to deal with any customer who comes to it providing that its services do not rely on confidential information of other customers in its files and that banks should take all necessary steps to minimise the potential for conflicts of interest.

Last year, however, a bid for Washington Steel Corporation by Talley Industries was blocked by a federal judge in Pittsburgh when he objected to Chemical Bank financing the offer as well as being a lender to Washington Steel. Chemical is pursuing this to appeal, although Talley Industries subsequently dropped its bid.

More recently, F. W. Woolworth launched a case against Canadian Imperial Bank of Commerce, claiming that the bank had supplied information to Brascan which was used in launching the Canadian company's unwelcome $1.13bn bid. CIBC was to lend $700m to help finance the bid which *was withdrawn earlier this* month after forces hostile to the takeover gained control of Brascan. Woolworth has since terminated its borrowing from CIBC whose former chairman, Mr. J. R. Page Wadsworth, is no longer a member of Woolworth's Canadian board.

In its case, Harnischfeger notes that Mr. Charles M. Pigott, Paccar's chairman, is a director of Citibank which has been Harnischfeger's principal bank for many years. The suite claims that Paccar retained Citibank to advise on possible takeover candidates and that *in* October 1977 the bank provided a written analysis on a possible takeover of Harnischfeger.

"Citibank induced, *aided and* abetted Paccar's fraudulent scheme to hide from Harnischfeger the fact that Citibank was advising Paccar, partly because Citibank hoped to become the lead bank for the enterprise after the takeover of Harnischfeger," claims the court suit.

Citibank said yesterday the charges were completely unjustified.

Brascan chairman to step down

BY ROBERT GIBBENS IN MONTREAL

MR. J. H. MOORE will resign as chairman and chief executive of the big Toronto holding company, Brascan, following the annual meeting on June 29. Mr. Moore was primarily responsible for Brascan's abortive attempt to take over F. W. Woolworth, the giant New York based merchandiser.

However, Edper Equities, controlled two thirds by Peter and Edward Bronfman and one third by the Patino mining family, defeated the Brascan attempt to take over Woolworth and late last week completed the acquisition of 50.1 per cent of Brascan. Edper will now control the Brascan Board and it had been assumed that Mr. Moore would resign.

Mr. Peter Bronfman is expected to become chairman of Brascan though the presidency may not change.

According to an information circular for the annual meeting of Brascan, the representatives of Edper on the Brascan Board "will support the continuation in office of the present officers of the company."

Brown-Forman sees profit rise

LOUISVILLE — Brown-Forman Distillers expects to report improved sales and earnings for the fiscal quarter ended April 30, according to Mr. M. L. Lyons Brown, Jnr., president and chief executive.

In the fiscal 1978 fourth quarter, the company earned $8.2m or 64 cents a share on sales of $124.5m.

Although final figures are not available, Mr. Brown estimated that per share earnings for the year "were about $3.15" compared with $2.45 in fiscal 1978. Sales exceeded $550m against $457.1m the year before.

As previously reported, for the nine months net income climbed to $30.6m or $2.40 a share from $23.1m or $1.80 while sales rose to $407.9m from $332.5m.

"We're very optimistic about fiscal 1980—barring a severe economic downturn. The trends are going in the right direction."

In fiscal 1979, all the company's major brands had sales increases and improved market shares and all but one had record sales.

Jack Daniel's Tennesee whiskey registered a 20 per cent volume gain last year.

"While this was gratifying, we weren't anywhere near meeting *demand*." Jack Daniel's remains on allocation and there will be an increase in supply this year," he said. AP-DJ

INTERNATIONAL CAPITAL MARKETS

China asks Japan for loan

By Our Euromarkets Staff

CHINA HAS formally asked Japan for a Government loan to help finance its big industrial modernisation programme, according to the Japanese Foreign Ministry. The request was made in Peking to Mr. Kensuke Yanagiya, Director-General of the Ministry's Asian Affairs Bureau.

The Ministry in Tokyo yesterday gave no details of how much cash the Chinese wanted. But it noted that such loans are normally denominated in yen.

The Japanese Export-Import Bank has already signed a yen loan equivalent to $2bn with China, while Japanese commercial banks have agreed on basic conditions for a $2bn loan and $6bn finance facility for Peking.

The Bulgarian Foreign Trade Bank is to raise DM 150m through a 10-year Eurocurrency credit, according to Badische Kommunale Landesbank International, the joint lead manager. The credit will carry a ¾ percentage point spread over interbank rates for the first six years, and ⅞ thereafter.

Elsewhere, Jamaica has signed an agreement to refinance about $130m of public sector debt maturing over the next two years. The Royal Bank of Canada will manage the refinancing with First National Bank of Chicago. The seven-year facility was arranged along with the second-year programme of the extended fund facility of the IMF, and will complement other multilateral credits being negotiated by Jamaica.

Meanwhile, a $100m tax-sparing loan to Korea Electric, the largest of its kind ever made to any borrower, was signed in London yesterday.

The facility was lead managed by Hill Samuel and Midland Bank International. The term is 10 years at a margin ⅝ percentage points over interbank rates.

Additionally, the Saudi British Bank and Antony Gibbs Holdings have arranged a medium term syndicated loan totalling 35m Saudi riyals for Marine Transport International of Jeddah. The 3½-year loan will *be used to finance container* handling equipment at Jeddah Port. No other terms were given.

Bell Canada challenges ruling

ST. ANDREWS—Bell Canada has asked the Federal Cabinet to review a decision by the Canadian Radio-Television Telecommunications Commission (CRTC) which would permit CNCP Telecommunications to use its telephone lines for transmissions.

Last May the CRTC ruled that CNCP, owned jointly by Canadian National Railways and Canadian Pacific, could use the lines. However, Bell Canada and eight other telephone companies in Canada submitted appeals.

Mr. Fred Ibey, executive vice-president with Bell Canada, said if the CRTC decision is allowed to stand, it would be irreversible and would change the future of telecommunications in Canada.

Mr. Robert Munro, a lawyer for Canadian Pacific, said the company has not yet had time to study Bell Canada's submission to the Federal Cabinet
Reuter

Touche Ross Court victory

WASHINGTON — The Supreme Court has ruled that the customers of a brokerage house do not have the right to sue an accounting firm for certifying misleading financial statements by the securities broker.

The Court, handing a victory to Touche Ross, overturned a Lower Court ruling that the *Securities Investor Protection* Corporation and the trustee of Weiss Securities, a defunct brokerage firm, could sue for damages on behalf of Weiss customers who lost cash or securities in the collapse.

The Court ruled 7-to-1 that the provision of Federal Securities Law concerning broker-dealer *recordkeeping* and reporting does not give private parties any right to sue for damages allegedly caused by violation of the provision.
AP-DJ

Anken stake

Rhone Poulenc Inc., a wholly-owned subsidiary of Rhone Poulenc, the French group, now has about 1,054,000 shares or about 89.4 per cent of the common stock of Anken Industries, tendered under its offer for all shares at $21 each. Reuter reports from Monmouth. The offer is being extended to July 19.

Bank takeover

Heritage Bancorp has agreed in principle to acquire Coastal States Bank of Ocean City through a subsidiary for $62, a share, Reuter reports from Cherry Hill. The deal is worth some $9m. Coastal holds about $64m in total assets.

Attention shifts to D-Mark as dollar rally fades

BY FRANCIS GHILÈS

THE RALLY witnessed in the dollar sector of the bond market over the past few weeks is running out of steam. Prices of most straight issues were unchanged yesterday, but trading activity was described by most dealers as being at a low ebb.

Attention has shifted to the Deutsche-Mark sector, where Westdeutsche Landesbank was able to announce both a reduction in the coupon on the issue it is arranging for Norges Kommunalbank, from an indicated 8 per cent to 7¾ per cent, and an increase in the amount of the issue from DM 100m to *DM 150m.*

Such an increase is only possible after the lead manager has informally consulted the German capital markets sub-committee, which meets at monthly intervals to determine the new issue calendar for Deutsche-Mark bonds.

Less than two weeks ago, the *sub-committee decided to limit* the new issue calendar for June to one issue. A second issue for the Inter-American Development Bank, which does not technically need to be included in the calendar because of its supranational status, was arranged last week. Now there are rumours of a further issue, possibly for the World Bank.

The turnround in the DM sector has been very swift. When the sector was depressed last month and *until the early* part of June, there was evidence that the Swiss, French and Belgian banks were picking up DM-denominated paper, both in the form of foreign and domestic bonds, cheaply. The interest in buying DM paper has now spread, and although prices edged up only slightly *yesterday*, all participants agreed the market was very firm.

In the dollar sector, two French banks are issuing Floating Rate Notes. Société Générale is sole lead manager for a $50m 12-year issue for itself. It is offering an interest rate of ¼ per cent over the *mean of* the bid and offered three-month interbank rate. Meanwhile, Banque de l'Indochine et de Suez is floating a $40m FRN.

The borrower is offering an interest rate of ¼ per cent o[ver] the six-month Libor rate with [a] minimum coupon of 5¼ per ce[nt]. The issue has a bullet matur[ity] of 10 years. Indosuez is le[ad]ing its own issue.

Three foreign borrowers w[ho] were planning to float y[en] *denominated bonds* on [the] Japanese capital market t[his] month have decided to postp[one] their plans following the [re]newed weakness of the Japan[ese] domestic bond market and [the] rise in domestic Japan[ese] interest rates.

The Finnish electric po[wer] company Imatran Voima, wh[ich] had already last month p[ost]poned its planned issue, [has] now done so indefinitely. [The] borrower has been followed [by] the governments of Thail[and] and New Zealand, which h[ave] both also postponed the is[sues] they were planning indefinit[ely]. Brazil's Electrobras is expected to postpone a[n] issue it was planning to a[rrange] next month.

In the Swiss Franc sector, prices of seasoned issues [were] steady yesterday with s[ome] gains on some names.

MAIBL chief slams new trend[s]

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

EUROCURRENCY borrowers who are increasingly tending to demand renegotiation of loan terms to reflect improved market conditions come in for severe criticism from Lord Armstrong, chairman of MAIBL, the consortium bank in which Midland Bank has a substantial stake.

Lord Armstrong says that competitive conditions have intensified in international markets. "In addition to downward pressure on margins and a general lengthening of new loan maturities, we have seen an increasing number of borrowers wishing to renegotiate loans to reflect these changes and, for them, improved market conditions."

Where there was a contractual right to repay loans early, renegotiation was understandable. "However, where there are no such rights, it is a very different matter, particularly as the margin is such a relatively small part *of the overall cost* of a loan at current interest levels. One can imagine the reaction if the lending banks—to whom the margin is paramount—were to seek to break their contractual commitments when market conditions were changing in their favour." It is understood that countries such as Mexico are the principal renegotiators Lord Armstrong has in mind.

MAIBL has reported disclosed profit of £4.4m ($9.3m) after all deductions and transfers to secret reserves, against £3.8m last time. However, MA[IBL] officials admit these fig[ures] exaggerate the extent of improvement since the ba[nk is] now in the process of mo[ving] towards "full disclosure." *process will be completed* year when true profits wi[ll be] revealed for the first time.

A rough guide to ta[xable] profits for the year may be [pro]vided by MAIBL's le[nding] activity, which is up from £ last year to £14.3m. Th[e in]crease is needed partl[y to] shelter corporation tax at [52 per] cent on the gains of a[bout] £12m arising from the dis[posal] of shareholdings in MA[IBL's] own shareholders during [the] year—which has been tak[en to] secret reserve.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary m[arket] exists. For further details of these or other bonds see the complete list of Eurobond prices pub[lished] on the second Monday of each month. Closing prices on Ju[ne]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alex Howden XW 9½ 91	30	86½	86⅞	−0½	−0¼	11.30
Avco O/S Cap. 10¾ 87	40	97¾	98¼	0	+0¼	10.50
Bayer Int. F. XW 7¾ 89	200	85¼	85⅞	0	+0½	9.58
CECA 9¼ 84-99	50	95¾	96¼	0	0	9.83
Canada 9 83	400	99	99½	−0¼	+0¼	9.42
Canada 9¼ 98	350	98¼	98¾	−0⅛	+0⅛	9.62
Canadian Pacific 9¾ 89	50	99	99½	−0¼	0	9.67
Comalco Inv. E. 10¼ 91	40	99¾	100¼	0	−0¼	10.28
Dominion Bridge 10¾ 84	30	99	99½	—	—	10.72
Dow Chem. O/S 9¾ 84	200	99⅜	99⅞	−0⅛	−0¼	9.73
EIB 9¾ 98	125	94⅞	95⅜	−0⅛	+0⅛	9.92
EIB 9¾ 86	150	100⅛	100⅝	−0⅛	0	9.74
EIB 9⅞ 99	100	100½	101	−0⅛	+0⅛	10.02
EIB 9⅞ 87	150	101⅛	101⅝	—	—	9.83
EIB 10 99	150	101⅛	101⅝	—	—	10.09
Export Dv. Cpn. 9.85 84	[illegible]	101⅛	101⅝	−0⅛	−0⅛	9.69
Export Dv. Cpn. 9¾ 84	100	99	99½	−0¼	0	9.71
Ekspertfinans 9 86	50	96¼	96¾	−0¼	−0¼	9.68
Finland 9¼ 89	100	99	99½	−0¼	0	9.85
GTE Fin. 9½ 84	50	98½	99	0	−0¼	9.82
Gould Int. Fin. 9¾ 85	50	99¾	100¼	0	−0⅛	9.78
Hospital O/S 9 83	25	96½	97⅛	−0¼	0	9.88
Hudson Bay Co. 10 84	50	101⅛	101⅝	−0¼	0	9.79
Ital Finance 9¾ 90	30	91⅛	92⅛	0	−0⅛	11.05
Ital Finance 10½ 93	40	94	94½	−0¼	−1¼	11.31
ITT Antilles 9½ 89	75	97⅞	98⅜	−0¼	−0¼	9.82
Manitoba 9½ 89	75	97¾	98¼	−0⅛	−0¼	9.81
New Brunswick 9¾ 84	75	98⅜	98⅞	−0⅛	−0⅛	9.82
Newfoundland 10 84	50	100⅞	101⅜	0	−0¼	9.67
Norsk Hydro 9¾ 94	50	98⅞	99⅜	−0¼	−0¼	9.75
Norway 9¾ 84	150	101⅛	101⅝	−0¼	+0¼	9.39
Norway 9½ 84	150	99⅛	99⅝	−0¼	−0¼	9.65
Nova Scotia Pwr. 9¾ 89	50	98⅞	99¼	0	+0¼	9.93
Occidental Fin. 10¼ 84	50	99⅞	100⅜	−0¼	+0¼	10.28
Pennwalt O/S F. 9¾ 84	25	99⅛	99⅝	−0⅛	+0⅛	9.84
Portland 10 84	50	97⅞	98⅜	−0⅛	−0⅛	10.53
Quebec Hydro 10 99	75	96⅞	97⅜	−0⅛	−0⅛	10.34
Redland Fin. XW 9¾ 91	25	93	93½	−0¼	+0¼	10.51
Sears Roebuck 9 82	100	98⅛	98⅝	−0⅛	−0¼	9.68
Stockholm 9¾ 84	60	100⅞	101⅜	−0¼	+0¼	9.76
Sweden 9¾ 89	100	99⅝	100⅛	0	+0⅛	9.78
Sweden 9½ 88	200	99⅝	100⅛	0	0	9.72
U S. Leasing Intl. 10 84	20	97¼	97¾	+0¼	0	10.64

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	93	93½	+0¼	+1⅞	6.66
Argentina 6½ 88	150	90	90½	0	+0¼	8.01
Argentina 7½ 88	150	94¾	95¼	+0¼	+1¼	8.28
Australia 6 88	250	93¾	94¼	−0¼	+0¼	6.92
Austria 5¾ 90	150	87¾	88¼	+0¼	+1¼	7.35
Banco Desarrollo 7¼ 86	100	96	96½	+0½	+0⅞	7.98
Barclays O'seas 6¾ 89	100	†97¼	97¾	+0¼	+1¼	7.11
Bq. Ext. Algerie 7¾ 85	100	†93¾	94½	+0¼	+0¼	8.47
Brazil 7¼ 87	150	96¼	96¾	+0¼	+1	7.87
CECA 6 88	150	[illegible]	[illegible]	+0¼	+1¼	7.52
CECA 7 91	150	96⅞	97⅜	0	+0⅞	7.37
Copenhagen City 6 90	75	87½	88	+0¼	+1½	7.64
Council of Eur. 6¾ 88	130	91½	92	0	+0½	7.50
Council of Eur. 7¾ 89	100	98	98½	−0¼	+0½	7.50
Denmark 5¾ 85	100	†93¾	94¼	+0¼	+0¼	7.04
Denmark 6½ 89	100	†94	94½	+0¼	+0¼	7.33
EIB 6 90	300	88	88½	+0¼	+1¼	7.58
EIB 6½ 91	200	92¼	92¾	+0¼	+1¼	7.50
EIB 7½ 89	200	99¼	99¾	+0¼	+1¼	7.57
Eletrobras-Brazil 7 87	100	94½	95	+0¼	+1	7.93
Eurofima 6½ 89	100	97⅞	98⅜	+3½	+2¼	6.75
Finland 6 83	150	98	98½	−0¼	+0¼	6.49
Indonesia 7 84	100	96½	96¾	+0¼	−0¼	7.85
Megal Fin. 7 89	150	†98½	99	+0½	+1¼	7.18
Mitsubishi Chem. 6½ 84	70	99¾	100¼	+0¼	+0⅞	6.49
New Zealand 6¾ 87	200	95¾	96¼	0	+1	6.94
Nippon Kokan 6½ 84	100	99½	100	+0½	+1	6.55
Nippon Tel. & T. 5½ 87	100	90½	91	+0¼	+1½	7.11
Nordic Inv. Bk. 6¾ 86	60	95	95½	0	+0¼	7.18
Norway 6¼ 84	200	100¼	100¾	+0¼	+0¼	6.12
Occidental 6¾ 90	150	93	93½	+0¼	+0½	7.65
OKB 6½ 88	100	96¼	96¾	0	+0¼	7.01
OKB 6 87	40	†91	91½	−0¼	−0¼	7.54
Statoil 6 88	150	91⅛	91⅝	+0¼	+0⅞	7.32
Statoil 6½ 89	150	*†96½	97¼	+0½	+1	6.96
Tokyo Elec. Pwr. 6½ 85	200	97	97½	0	+0⅞	7.08
Venezuela 6½ 90	150	90	90½	+0½	+2	7.82
World Bank 6¾ 88	400	91½	92	+0¼	+1¼	7.49

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	91	91½	+0¼	+1¾	4.32
Asian Dev. Bank 3½ 94	100	83¼	83¾	+0¼	+0¼	5.14
Austria 3½ 93	100	86	86½	−0¼	+2¼	4.84
Australia 3¾ 89	250	92½	92¾	−0¼	−0½	4.57
Brazil 4¾ 88	100	92½	93	0	−1⅞	5.24
Canada 3¾ 89	300	92½	92¾	−0¼	−0¼	4.58
Chase Manhattan 4 93	70	97	97½	+0¼	+2½	4.26
Council of Eur. 4¼ 90	100	93½	94	+1¼	+2	4.97
Bankamerica 3¾ 93	80	94	94½	+2	+6	4.29
BNDE 5 88	75	99	99½	+1⅞	+1	5.10
Denmark 4½ 90	100	97½	98	+0¼	+0½	4.76
F. L. Smidth 4½ 89	25	96½	97	0	+2¼	4.91
Heron 4¾ 89	35	91¼	91½	+0¼	+0⅞	5.41
ICI Fin. NV 3½ 94	230	89½	90	+0¼	+1¼	4.46
Malaysia 4¾ 90	80	95¼	95½	−0¼	+0¼	5.30
New Zealand 3½ 94	120	90	90¼	+0¼	+2	4.43
OKB 3¾ 91	100	90¼	90½	0	+0½	4.84
Pfand Ost. Lande 4 90	60	91½	92	+0¼	+0¼	5.00
Philippines 4¾ 89	50	96	96½	+0¼	+0⅞	5.25
Sandvik 4 90	85	91½	92	+2	+3½	4.96
Spain 4 91	100	90	90½	+0¼	+0¼	5.11
Vienna 4 93	100	91½	92	+1	+3⅞	4.81
Voest-Alpine 4¾ 89	90	103	103¼	+0¼	+2¼	4.36
World Bank 4¼ 93	250	94¼	94½	+0¼	+0¼	4.60
World Bank 4¾ 89	100	102¾	103	+0⅞	+1¼	4.27

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	85⅞	86⅜	0	−0⅜	7.88
Australia 5.6 83	30	91¾	92¼	+0¼	−0⅝	7.83
Australia 6½ 88	20	90	91	−0⅛	−0⅞	8.10
Finland 5.6 83	10	90¾	91¼	−0¼	−0¼	8.10
Finland 5.8 88	10	90⅝	91⅛	0	−0⅜	8.33

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week
Nordic I. Bk. 9 84 SDR	20	96¾	97¼	+0¼	0
Avco Fin. 10¼ 86 C$	25	96⅞	97⅜	+0¼	−0
Ex. Dev. Cpn. 10 84 C$	50	98¼	98¾	0	+0
Fst. Can. Inv. 10 84 C$	50	98¼	98¾	−0¼	0
Hudson Bay 10½ 89 C$	60	99⅞	100⅜	0	0
Quebec 10¼ 86 C$	50	98¼	98¾	+0¼	+0
R. Bk. Canada 10 90 C$	40	100⅛	100⅝	0	+0
R. Bk. Canada 10 84 C$	40	96⅞	97⅜	−0¼	+0
Copenhagen 8¼ 91 EUA	25	97⅞	98⅜	−0¼	+0
Komm. Inst. 7½ 93 EUA	15	95½	97	−0⅛	−0
Panama 8¼ 93 EUA	20	95	96	0	0
SOFTE 8¾ 89 EUA	40	96⅞	97⅜	0	−0
Algemene Bk. 6¾ 83 Fl	75	93¾	94	+0¼	0
CFE Mexico 7¾ 83 Fl	75	94¾	95¼	−0¼	−0
EIB 7¾ 85 Fl	75	91½	91⅞	−0¼	−0
Ned. Middbk. 8¼ 84 Fl	75	98¼	98⅝	+0¼	−0
New Zealand 6¾ 84 Fl	75	90⅞	91⅜	+0¼	+0
Norway 8¼ 84 Fl	100	97⅞	98⅜	+0½	+0
Elf Aquitaine 9¾ 88 FFr	150	96½	97	0	−0
EIB 9¾ 88 FFr	200	96½	97¼	0	−0
Euratom 9¾ 87 FFr	150	96¾	97¼	0	−0
Norway 9¾ 84 FFr	200	96¾	97¼	−0¼	−0
PSA Peugeot 9¾ 87 FFr	175	96¼	96¾	−0¼	−0
Saint-Gobain 9¾ 88 FFr	130	96½	97¼	−0¼	−0
Solvay et Cie 9¾ 87 FFr	125	96¾	97¼	0	−0
Total Oil 9¾ 87 FFr	150	94⅞	95⅜	−0¼	−0
Unilever 10 85 FFr	100	99⅛	99⅝	−0¼	−0
CECA 9¾ 88 £	20	90½	91¼	−0¼	−1
Citicorp 10 93 £	20	89¾	90¼	−0¼	−1
EIB 9¾ 88 £	25	90¾	91¼	−0¼	−1
EIB 11½ 91 £	25	95¾	96	—	—
Finance for Ind. 13 91 £	15	100⅝	101⅛	−0¼	−2
Gen. Elec. Co. 12½ 89 £	50	99	99½	−0¼	−1
Euratom 8 87 LuxFr	500	97¼	98¼	−0¼	−0
Norges Km. 8 86 LuxFr	500	96⅞	97⅞	0	+1
Oslo, City of 8 89 LuxFr	500	97½	98½	0	+0
Solvay Fin. 8 85 LuxFr	500	96⅞	97⅞	0	−0
Swedish Bk. 8 88 LuxFr	500	97¾	98¾	+0½	+0

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
BFG Fin. Co. M5.5 89	0¼	98¾	99¼	12/7	12.4
Banco di Roma M6 87	0¼	98½	99	26/10	11.19
Bco. El Salvador M8 83	1¼	95	96	12/10	12⅛
Bco. Nac. Argent. 7 86	0¼	97⅞	98⅜	22/9	11½
Banco Prov. BA M7¼ 86	0¼	98½	99¼	12/6	11
Banco Urquijo 6 86	0¼	98	98½	21/9	11⅝
Bank of Tokyo M5½ 93	0¼	98¾	99¼	18/10	11⅛
Bq. Ext. d'Alg. M7.5 85	0¼	95¼	95¾	2/11	11⅜
BNP 5½ 91	0¼	98½	99	22/2	11⅜
Citicorp O/S Fin. 6 94	0¼	99½	100	8/8	10.69
Creditanstalt M5½ 91	0¼	93¾	93⅞	14/9	10⅞
Gotabanken M6 89	0¼	98½	99	15/5	11½
Ind. Bk. Japan M5½ 86	0¼	99⅝	100⅛	1/12	10.94
Jugobanka M8 89	0¼	96⅞	97⅜	23/11	11⅞
LTCB Japan M5¾ 85	0¼	99⅝	100⅛	9/10	11⅛
LTCB Japan M5½ 89	0¼	98⅞	99⅜	7/12	11⅛
Mfrs. Han. O/S M5¾ 94	0¼	99½	99¾	23/8	11.39
Nipp. Crdt. Bk. M5.5 86	0¼	99¼	99¾	22/6	12.81
OKB M5¾ 88	0¼	99⅜	99⅞	15/10	11.44
Petro Mexicano M7 84	0¼	99	99½	24/7	12.06
Privredna Banka M8 86	0⅞	95⅜	96⅛	22/6	13.44
Sundsvallsbnkn. M6 85	0¼	98¾	98⅞	4/10	11.08
Texas Int. Air. M7 86	0¾	96⅞	97⅜	11/10	11⅞
TVO Pwr. M9 91 (D-L)	0¼	98¾	99¼	24/11	11⅛
Utd. Overs's Bk. M6 89	0¼	97¾	98¼	29/9	11.14

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day
Baxter Int. Fin. 5½ 93	1/79	34	127¼	129	0
Ciba-Geigy O/S F. 4 94	9/79	675	82½	83½	+0¼
Coca-Cola Bottling 6¾	4/79	9	88¼	89	−0¼
Credit Suisse 4¾ 93	10/79	1325	99¾	100¼	0
Esselte 7¼ 89	9/79	159	96⅛	96⅞	0
Honda Motor 5½ 89	5/79	532	96⅞	97⅜	+0¼
Nitto Elec. Ind. 6 94	7/79	735	88¼	89¼	0
Novo Industri. 7 89	4/79	259	87¾	89¼	0
Texas Int. Air. 7½ 93	4/79	14.5	86½	87¾	−0¼
Thorn Int. Fin. 7 88	11/78	3.67	124¾	126¾	[illegible]
Asahi Optical 3½ DM	12/78	588	†81½	82½	[illegible]
Casio Co. 3½ 85 DM	11/78	841	†85¾	86¾	[illegible]
Fujitsu 5 84 DM	7/79	475	†96¾	97¾	+0¼
Jusco 3½ 86 DM	1/79	1154	†79¾	80¼	+0½
Kansai Elec. 4 84 DM	4/79	1350	†86½	87½	−0¼
Konishiroku 3½ 85 DM	1/79	612	†84½	85	+1¼
Marudai Food 3½ DM	2/79	1033	78½	78⅞	0
Murata M. 3½ 86 DM	11/78	854	*†92¾	93¼	[illegible]
Nippon Ysn 3½ 85 DM	1/79	251	†78¾	80¼	[illegible]
Nissan Diesl. 3½ 86 DM	2/79	477	†87½	88½	0
Olymp Opt. 3½ 85 DM	2/79	709	†93¼	93¾	[illegible]
Sharp Cpn. 3½ 88 DM	2/79	487	88⅞	89¾	0
Stanley Elec. 3½ DM	11/78	623	†82	83	+0¼
Tokyo Elec. 3½ 87 DM	4/79	476	†79¾	80¼	−0¼
Tokyu Ld. Cp. 4 88 DM	4/79	493	†81	82	0
Trio-Knwd. 3½ 86 DM	11/78	717	79¼	79¾	+0¼

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Five month upsurge for Olivetti

BY RUPERT CORNWELL IN ROME

LIVETTI, the electronics and fice equipment group, yesteray reported a jump of more ian half in parent company rnover and an improved profit end for the first five months this year. Group sales also e running strongly ahead of 78 levels.

The Ivrea-based concern said at parent company sales rose per cent between January d May to L316bn ($370m). At group level, turnover climbed per cent to L640bn ($752m) the same period.

The news is further evidence the recovery in the fortunes of Olivetti, after the major debt reorganisation programme put into effect over the past year. In 1978, for the fourth time running, the company failed to pay a dividend after suffering a drop in group profits to L2.1bn from L5.3bn in 1977, despite significant sales of fixed assets.

A less encouraging picture was presented at the weekend by another of Italy's largest private sector companies, the Pirelli tyre and cable group. The holding company, Pirelli Spa, is to cut its dividend for the year to April 30 to L45 per share from L80 in the previous financial year.

Net profit declined to L6.9bn ($8.1m) from L10.1bn, despite net proceeds of L26.5bn ($31m) from the sale of the famous Pirelli skyscaper in Milan to the Lombardy regional authorities The group says it plans to carry other net losses over to the current financial year.

Pirelli's difficulties mainly reflect the problems of its tyre division. These stem from poor demand, thanks to the longer life of radial tyres which now dominate the market, and the recent sharp rise in labour costs within Italy.

● Interbanca, a medium term credit bank, is making a L60bn bond issue with a floating interest rate, Reuter reports from Milan. The issue will have a maturity of five years and be issued at par.

Interest will be 13.5 per cent for the first year with the remaining four year netting a return based ont he annual average of the monthly yields of bonds issued by Italian banks. Maximum and minimum interest will be 16½ per cent and 10 per cent.

Electrolux in Canadian saw deal

By Victor Kayfetz in Stockholm

ELECTROLUX, the Swedish-based home appliance, office equipment and machinery group, disclosed yesterday that was trying to buy control of Canadian power saw manufacturer, Pioneer for roughly r 20m ($4.6m).

A preliminary agreement already signed with one owner group concerns less than 50 per cent of the shares in the Montreal-based company, and negotiations with other owner groups are continuing, according to Electrolux.

Stockholm press reports yesterday suggested that Electrolux had reached agreement on purchase of half the shares in Pioneer, which has 300 employees and produces about ,000 saws annually for North American, European and an markets.

If the purchase goes through will increase the power saw capacity of Electrolux to ,000 units per year, giving more than one-sixth share of total world market.

The deal requires approval both Swedish and Canadian authorities, and Electrolux anticipates that the change of government in Ottawa may cause some delays.

In the past two years Electrolux has acquired the main Swedish manufacturers of power saws — Husqvarna, Jonsered and Partner—and is now Scandinavia's largest company in this field, with North America as its biggest single market.

Last month the Swedish multinational bought Norway's power saw company, Jobu, the Norwegian metals and industrial group Elkem-Spigerverket and plans to integrate activities of the 185 employees with those of the Swedish power saw companies.

Early this year Electrolux purchased tools, designs and equipment for making hobby from the Skil Corporation the U.S. National Union Electric, an Electrolux subsidiary, will manufacture the at a factory in Bloomington, Illinois.

The Electrolux group last showed a pre-tax profit of 677m ($155m) on turnover of SKr 12bn ($2.7bn) and expects pre-tax earnings to by at least 10 per cent in

Setback for German retailer

BY ROGER BOYES IN BONN

LEADING West German department store group Karstadt recorded a sharp decline in profits last year and expects only a slight recovery in margins during 1979.

The group, as one director put it, is still suffering from digestion problems. When Karstadt took over the Neckermann group two years ago, it believed it would be able to turn the ailing department store and mail order group into a profitable concern by the end of 1979. This now looks extremely unlikely.

Karstadt's profits dropped from DM 70m in 1977 to DM 66.2m last year, a level considerably less than half of the 1975 peak of DM 152m. After Neckermann's losses of DM 40m are taken into account, overall group profits dropped to DM 24m ($12.7m).

The takeover of Neckermann increased selling space from 1.1m square metres to 1.2m square metres in 1978 but in real terms sales fell slightly. According to Dr. Walter Deuss, board member, this was due to "unforeseen personnel problems." Karstadt management teams have had to be installed in Neckermann stores, while Neckermann employees have had to be integrated into the Karstadt operation, thus pushing up training costs. This led to considerable dislocation, and has meant that the group has not been able to maximise the advantages accruing from a national rise in disposable income.

Karstadt, however, is confident that the Neckermann department stores can become profit-makers in 1980. Three other branches of the Neckermann concern — the travel agency, house purchasing and mail order wings — showed a healthy increase in turnover last year and are likely to play an increasingly important part in Karstadt.

Karstadt expects the Spanish hotel strike and future rises in fuel prices to bite into the margins of the travel branch, N. U. R. Neckermann Reisen during 1979.

● Beiersdorf, a leading West German manufacturer of cosmetic, pharmaceutical and adhesive products confidently expects good results from 1979 after a sales rise of 12.5 per cent in the first five months. In fact Beiersdorf expects worldwide sales to rise by 11 per cent in 1979 from the DM1.4bn achieved in 1978.

Sales increase at Ruhrkohle

BY OUR BONN STAFF

RUHRKOHLE, West Germany's principal producer of hard coal, is urging the Government to consider a greater role for coal in the solution of the country's energy problems. This emerged from a speech by Dr. Karoe Karlheinz Bund, Ruhrkohle chairman, in which he announced a 10 per cent increase in sales during 1978.

Dr. Bund said that coal and nuclear power were complementary sources of energy and that together they contained the answer to the energy difficulties likely to be faced in the 1980s. The world's coal, he said, was underexploited. Despite the existence of 900bn tonnes of hard coal reserves, annual consumption was only 8.4bn tonnes—thus the reserves alone should be able to account for several decades of restrained energy consumption, quite apart from the possibilities of coal liquefaction projects.

Ruhrkohle reached a "balanced" result last year after 1977 losses of DM 10m, which were carried over to the 1978 account. The turnround was partly brought about by continuing high government subsidies, but the key factor appeared to be a 10.4 per cent rise in overall sales boosted by the upswing in the steel industry.

Over 64m tonnes of coal and coke was sold last year and 67m tonnes is expected to be sold during 1979. Stocks of unsold coal at the pithead are expected to fall by about 50 per cent to 12m tonnes by the end of 1979.

Coal should reap pricing benefits from the increasing cost of other energy sources, Dr. Bund said. Both industrial and domestic heating oil were now substantially more expensive than coal.

Ruhrkohle, to overcome government doubts about the possible ecological side-effects of coal, has launched a large research programme which will investigate ways of developing further smokeless fuels as well as more sophisticated firing techniques. New research spending has been increased from DM 264m to DM 400m ($211.5m), buoyed again by government subsidies.

Norsk Hydro planning fertiliser acquisition

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, is planning to acquire a Belgian-Dutch fertiliser company—Compagnie Neerlandaise de l'Azote (CNA)—with an annual turnover of around $200m.

An announcement in Oslo said that if the deal was approved by the companies concerned, the formal transfer would take place in the early autumn. The largest present owners of CNA are Italy's Montedison (69 per cent) and ICI (25 per cent). By acquiring CNA, Hydro expects to strengthen its position as an international manufacturer of fertiliser products. It believes the move would also benefit sales of fertiliser products from its Norwegian plants.

CNA, with manufacturing facilities in South Holland, obtains its raw materials from the Groningen gas field. Hydro says that if it acquires the company it will study the possibility of using natural gas from the Norwegian sector of the North Sea.

Annual production capacity at CNA includes 700,000 tonnes of ammonia, 580,000 tonnes of nitric acid, 730,000 tonnes of urea, 400,000 tonnes of calcium ammonium nitrate and 400,000 tonnes of ammonium nitrate.

● The interim report of Nokia shows growth in turnover of 18 per cent for the company for the four months to April, and improved sales for all of the main divisions except electronics, writes Lance Keyworth from Helsinki. Nokia's sales rose to FM 765m ($191m) compared with FM 651m a year ago.

Higher sales at Turkish builder

By Metin Munir in Ankara

TURKEY'S Seizai Turkes—Feyzi Akkaya group, the country's biggest construction conglomerate which has contracts in North Africa and the Middle East, reports record turnover of $106m in 1978, an increase of 18 per cent.

The group, which carries the names of the two engineers who set it up in 1938, contains 14 companies. It employs nearly 7,000.

The Sezai Turkes-Feyzi Akkaya construction company is the biggest in the group, accounting for nearly half of total turnover. This company has four contracts in Libya amounting to $280m, including the two stages of the Tripoli harbour expansion, construction of harbour, quay and piers for the Sidi Blaal naval port and the Tripoli Fiat car factory. The $122m contracts in Saudi Arabia include pedestrian tunnels and a jetty construction.

Temel Engineering, which is a member of the group, is building energy transmission lines in Abu Dhabi. The contract is worth DM 400m. The group's main contracts in Turkey embrace harbour, jetty and marina construction.

Demand rising at Merck

By Guy Hawtin in Frankfurt

MERCK GROUP, one of West Germany's leading pharmaceutical manufacturers, reports 5 per cent increase in world for the first four months the year.

The management reports that business has progressed satisfactorily not only in the pharmaceutical sector but also in the and insecticide divisions. year's sales increase is ing ahead of 1978's growth when sales increased by 9.9 per cent to DM 1.62bn ($855m). During the first four months the year domestic sales rose .6 per cent after a slow beginning. However, exports provided the main growth, rising per cent during the same period. The profits position "is good," although oil price have bred some uncertainty.

New U.S. owner for French bank

PARIS — Agreement in principal has been reached for General Motors Acceptance Corporation of the U.S. to acquire a controlling interest in Banque Radio-Fiduciaire, a French private bank owned by Cie Francaise Philips.

Philips, a wholly-owned French subsidiary of the Philips electrical group of Holland, has a 68.7 per cent interest in Radio-Fiduciaire. Societe Radiotechnique, another Philips group unit, has a 23.4 per cent shareholding in the bank. Financial details of the deal have not been disclosed.

Cie Francaise Philips said that after the entry of General Motors Acceptance the bank would continue its diversified activities. The deal is subject to approval by the French authorities.

AP-DJ

FOREIGN BANKS IN SPAIN

Persistent calls for less state control

MADRID — Foreign banks opening branches in Spain have called for help from the government to challenge large and entrenched domestic competitors. "We've only come here act of faith that the government will remove some of restrictions that make it difficult to lend foreign currencies or obtain pesetas and us to turn a profit," said general manager of a leading U.S. bank.

For its part, the Spanish government hopes the foreign banks help modernise the country's banking industry. One Cabinet Minister recently said lately that he hoped competition from foreign banks would drive down interest costs spur investment in industry. However, the politicians a battle on their hands if are to convince domestic to accept policies that make business life easier for the new arrivals.

Spanish banks have long enjoyed "protection" and will not readily give up their privileged position. "Spanish banks aren't the most efficient in the world but they know their market and have hundreds of branches," said Luis Kothe, assistant director of the foreign department of Banco de Santander.

The government has authorised 10 foreign banks to open branches this year and five next year. The move, part of the post-Franco liberalisation of the economy, limits foreign banks to a maximum of three branches.

Three foreign branches have already opened despite concern about a recent reserve requirement that discourages Spanish banks and companies from obtaining loans in foreign currencies. The ruling, made in April, forces borrowers to set aside 25 per cent of a loan in an interest-free account. It was designed to discourage capital inflows that finance inflation but had a bombshell effect on foreign bankers, who had expected to make virtually all of their loans in foreign currencies in their first years of operations.

The restriction is scheduled to expire in October and Sr. Jose Ramon Alvarez Rendueles, Governor of the Bank of Spain, recently said he didn't believe there would be any need to renew it. However, the restriction underlines the dependence of foreign banks on state support.

Foreign banks will also be asking the Spanish government to help them expand the role of money markets, especially the interbank market where institutions lend each other deposits for six months or less. The foreigners are eager to develop this market because they need a source of pesetas to finance other operations.

Spain's interbank market is currently very limited. Government regulations bar participation by institutions such as insurance companies, investment funds, unit trusts, or industrial corporations.

Commercial banks are therefore the only institutions involved and the result is an unstable market and an unreliable source of funds. The rate on one-month deposits soared to 29 per cent from 14 per cent in less than two months earlier this year. "The Government will eventually have to allow other financial institutions to enter the market but they will have to do a lot of soft-soaping because the big domestic banks won't like it," a prominent U.S. banker speculated.

AP-DJ

MARINE CONTAINERS

Tokyu Car lifts the lion's share

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

ABOUT 40 per cent of the marine containers in use throughout the world were made by one Japanese company, Tokyu Car Corporation. This is the result of Tokyo's enthusiasm and foresight in acquiring capacity at a time when its competitors were thinking on much more modest lines, and of the pattern of Japanese trade, which made it almost inevitable that the world's leading container maker should be Japanese.

Japan is, par excellence, a raw materials importing and manufactured goods exporting country, which means that its imports tend to arrive "loose" while its exports need to be packaged. Since the ultimate form of packaging today is the 20-foot or 40-foot marine container Japan could hardly fail to become a major container exporter.

The container revolution did not originate in Japan, but in the U.S., where Matson Line took the lead in containerising its Los Angeles-Hawaii cargo service in the mid-sixties. Matson was quick to extend its service west to Japan, where Japanese shipping lines, led by NYK, were quicker still to realise that they would have to start using containers, or lose their competitive strength. This provided the spur for Tokyu (which had previously been mainly a rolling stock and specialised vehicle manufacturer) to set up its first marine container production line at Yokohama in 1965.

Tokyu started with the capacity to build 755 of the 20-ft containers (or half as many 40 footers) per month at its Yokohama works but soon added a parallel production facility at Osaka (Japan's other main port) and then duplicated both the Osaka and Yokohama production lines. By 1976, after investing about $50m (excluding land costs) Tokyu had reached the point where it could produce 10,000 20-ft containers per month at its two facilities.

Its total cumulative output by the end of 1978 (nearly all of it still in active service) was 430,000 units or roughly 40 per cent of the number of containers built in the world as a whole.

Tokyu specialises in steel containers, not in the slightly more expensive but also more durable aluminium variety (manufactured by, among others, Fruehauf). It claims a 60 to 70 per cent share of the world output of steel containers and a dominant share of containers owned by the seven major international container hire companies. (Aluminium containers, which represent 20 to 30 per cent of the marine containers built to date are for the most part owned directly by shipping companies.)

Tokyu Car's Mr. Enji Nakaso, who was in at the birth of the container revolution, says there is now a direct relationship between Japan's export performance (or more precisely the ratio between the growth rate of its manufactured imports and exports) and the state of the container market. The boom years 1977 and 1978 for Japanese exports, were thus good years for the container industry, whereas 1979 promises to be a bad year, because Japanese manufactured exports are stagnant while imports are rising.

Tokyu Car Corporation set up its first marine container production line 14 years ago and has since built 40 per cent of the world's containers, a market which provides Japan with a $400m export industry

Production this year could be cut back to 90,000 units from last year's 120,000, but that does not mean, says Mr. Nakaso, that the good times are over. He forecasts that higher oil prices will oblige Japan to start pushing its manufactured exports once again, and that more containers will inevitably be needed to ship such products out of the country. Apart from that the 10-year life cycle of steel containers means that the replacement market should be getting rapidly larger from now on.

Mr. Nakaso says that patents are not involved in container manufacturing — the product after all is basically nothing more than a big steel box. But experience and specialised know-how is involved in the layout and planning of production lines (and in quality control and Tokyu has been responsible for evolving much of it. Discussions on technology transfer have been held with several European countries and with Brazil (which signed a know-how agreement with Tokyu last September). China has also shown interest, with the result that a delegation consisting of Tokyu and two Japanese general trading companies visited Peking recently for talks on a joint venture.

If some of these discussions come to fruition, Tokyu could start to spread its wings outside Japan as the first multinational container manufacturer. Inside Japan, containers may face a difficult year or two, but not so difficult as to undermine their status as a $400m export industry.

Near record price for Hong Kong site

BY PHILIP BOWRING IN HONG KONG

A SITE of 4,500 sq metres in a prime area of Hong Kong's Tsim Sha Tsui district was sold at a Government auction for HK$400m (U.S.$78m), very close to the record price for a similar site reached last October. The price is equivalent to HK$88,889 a sq metre, compared with the record HK$89,855 paid for a Tsim Sha Tsui site of 1,380 sq metres last October.

The successful bidder was Mr. Cecil Chao, chairman of Wah Kwong Properties, who was acting on behalf of a consortium of several property companies including Wah Kwong. The sale was regarded as highly significant because this same site was withdrawn from auction last year when bidding failed to surpass HK$350m. That sparked off fears that the soaring land market was headed for a sharp reaction.

The fact that the price was close to the record has caused surprise, in view of that the fact that a 20 per cent downpayment was demanded, against 10 per cent when first put up for auction. Furthermore, the prime lending rate between the two auctions has risen from 8 per cent to 13 per cent.

Meanwhile, Tai Cheung Properties a major local property owner and developer has announced a rise of some ... per cent in profits for the year to March, to HK$84.6 *(US$18.5m), from HK$52.5m* the previous year. In addition the company made extraordinary profits of HK$26.9 compared with an extraordinary loss in the previous year.

The final dividend has been raised 1 cent, to make a total 11 cents for the year, compared with 9 cents.

Solid first-half advance seen by Toyo Kogyo

TOKYO—Toyo Kogyo Company, the makers of Mazda cars, said that it expects to report that profits before tax and special items in the first half-year ended April 30 "more than doubled" to about Y13.7bn ($57.7m) from Y6.16bn in the same 1978 period on sales increased to about Y396.00bn ($1.8bn), from Y323.67bn.

The company plans to announce its first half-year results on July 3.

Toyo Kogyo said it attributed the expected sharp rise in profits mainly to a fall in production costs, following a reduction of its workforce and increased production. Increased sales of profitable high-quality rotary-engine cars had also been a contributing factor.

The company said that vehicle production rose about 18 per cent in the first-half, from the level a year earlier, to about 470,000.

Toyo Kogyo has reached a basic agreement to transfer a 20 per cent interest to the Ford Motor Company of the U.S.

After-tax profits of Y1.13bn were reported for the year ended October 31, 1978, on sales of Y628.26bn. Profits before tax and special items in the year were Y8.20bn.

The company's motor vehicle production in May totalled 75,344 units, up 33.8 per cent from the same month last year, but down 3.9 per cent from the April level.

Overall sales in the month totalled 79,084 units, up 23.7 per cent from May, 1978, but down 3.1 per cent from April.

Exports amounted to 48,745 units, up 23 per cent on the year and up 14.3 per cent on the month. Domestic sales were 30,609 units, up 24.9 per cent on the year

Agencies

Record profit and sales at Suntory

TOKYO — Suntory, Japan's largest whisky distiller, raised its parent company net profit by 41 per cent in the year to March 31 to a record Y14.68 ($66.8m), up 41 per cent ($66.8m), from Y10.41bn in the previous year.

Sales reached a record Y550.13bn ($2.5bn), up 13 per cent from the Y485.59bn the year before.

Liquor sales totalled Y430.12bn, for a gain of 8 per cent from Y399.96bn and beverage sales increased 21 per cent to Y81.72bn, from Y67.56bn. Sales of foodstuffs jumped 103 per cent to Y36.77bn from Y18.07bn.

"Market conditions for liquor sales were very bad last year due to tax increases which went into effect in May 1978," a Suntory official said.

● Konishiroku Photo Industry Company, Japan's second largest producer of photo film and photographic equipment, has announced a 2.2 per cent rise in net profit for the year to April 30, to Y5.9bn ($26.8m) from Y5.78bn in the previous year.

Sales totalled Y143.21bn ($651m), for an 8.2 per cent increase from the Y132.454bn the previous year.

Profit per share went down to Y34.77 from Y35.87.

Domestic sales, accounting for 60.5 per cent of the company's business, totalled Y86.70bn, up 14.5 per cent on the year, but overseas sales, representing 39.5 per cent of business, went down by 0.3 per cent to Y56.56bn.

Company officials predicted that the net profit in the current fiscal year would go up by some 5 per cent to Y6.2bn, on sales increased by 7.5 per cent to Y154bn.

AP-DJ

Earnings ahead at KLK after drought last year

BY WONG SULONG IN KUALA LUMPUR

KUALA LUMPUR KEPONG, the fourth biggest Malaysian plantation group, raised its half-year profits by 57 per cent to 27.2m ringgit (U.S.$ 12.2m).

KLK said that better commodity prices and better output after recovery from last year's drought were responsible for the improved results for the six months to March, and that similar conditions were expected to prevail in the second half.

The group made 68.9m ringgits on the sale of palm oil and rubber, or 24 per cent more than the comparable half last year.

The group's own rubber output fell by 3.5 per cent to 8.24m kilos, as a result principally to lower yields, but its palm oil production rose by 39 per cent to 141,900 tonnes of fresh fruit bunches.

KLK obtained an average of 256.26 cents per kg for its rubber during the period, and an average of 1,364 ringgit per tonne for its palm oil, representing increases of 20 per cent and 33 per cent respectively.

With the profits, the group's liquidity has improved markedly, as reflected by the reduction in interest on debentures and loans, which fell from 1.36m ringgit to 759,000 ringgit. An interim dividend will be declared later.

Last year KLK paid an interim dividend of 7.5 per cent and a final dividend of 12.5 per cent.

CURRENCIES, MONEY and GOLD

Pound steady; dollar mixed

terling showed little real vement in yesterday's foreign hange market and finished dly changed against most rencies. The release today day's trade figures persuaded y people to stay on the side s, with market predictions ling to range between bad very bad. However, on a e weighted basis, the pound aged a slight improvement 8.3 from 68.2, having stood 68.2 at noon and in the ning.

gainst the dollar it opened 2.1050-2.1060 and eased to a of $2.1030-2.1040, but with dollar showing a weaker d, sterling improved to touch est level of $2.1105-2.1115 re finishing at $2.1057-2.1067, three points down from ay's close.

e dollar was initially weaker umours that Swiss interest were likely to return to ive quotations in the short This led to some switching Swiss francs, but later in lay as the effects subsided, U.S. unit recovered after vention in the market by Swiss authorities. By the of the day the dollar was ed above its worst levels but ied rather mixed. Against D-mark, it was unchanged Friday at DM 1.8900, but oved against the Swiss to SwFr 1.7095 from 1.6987½. It was also firmer st the Japanese yen at 80 from Y219.12½, but eased rms of the Italian lira to from L848½ previously. On of England figures, the dollar's trade weighted index was unchanged at 86.4.

FRANKFURT — The dollar showed no clear trend yesterday and was fixed at DM 1.8891 against DM 1.8969 previously. The Belgian franc and Danish krone were both fixed above their floor levels against the D-mark at DM 6.227 per BFr 100 and DM 34.79 per DKr 100.

BRUSSELS — In very quiet trading the Belgian franc showed a slight overall improvement both against other EMS currencies and the dollar. According to market sources, the Belgian authorities were believed to have sold around DM 300m in an effort to support its currency. The D-mark was fixed below its highest permitted level of BFr 16.0740 at BFr 16.0562 and compared with Friday's level of BFr 16.0578.

MILAN — The lira continued to improve against the dollar with sterling also weaker against the lira while EMS currencies all showed a firmer trend. The dollar was fixed at L846.7 against L849.95 on Friday and the pound eased to L1,784.35 from L1,787.30. The D-mark rose to L448.58 from L447.99 with the Danish Krone firmer at L156.02 from L155.25.

TOKYO — The dollar showed a slight loss against the Japanese yen yesterday and closed at Y219.25 compared with Y220.30 on Friday. After opening at Y219.0, the U.S. unit improved during the day but reached a high of only Y219.35. Trading was generally light with modest dollar demand pushing up the rate from its opening level.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Franc ...	39.4582	40.5193	+2.69	+1.77	±1.53
Krone ...	7.08592	7.24845	+2.29	+1.38	±1.635
D-Mark	2.51064	2.52163	+0.44	[illegible]	±1.1325
Franc ...	5.79831	5.83821	+0.69	−0.23	±1.35
Guilder ...	2.72077	2.76929	+1.78	+0.87	±1.5075
unt	0.662638	0.667631	+0.75	−0.16	±1.665
Lira	1148.15	1129.65	−1.61	−1.61	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1030-2.1115	2.1057-2.1067	0.65-0.55c pm	3.42	1.83-1.73c pm	3.38
Canada	2.4645-2.4715	2.4670-2.4680	0.70-0.60c pm	3.16	1.76-1.66c pm	2.76
Nethlnd.	4.34½-4.39½	4.36½-4.37½	2½-1½c pm	5.49	6-5c pm	5.03
Belgium	63.60-64.10	63.83-63.93	30-20c pm	4.70	68-58c pm	3.94
Denmark	11.40-11.49	11.47¼-11.48¼	2½-½ ore pm	1.57	4½-2½ pm	1.22
Ireland	1.0495-1.0580	1.0563-1.0573	09-19c dis	−1.59	45-55 dis	−1.89
W. Ger.	3.96-4.00	3.97¾-3.98¾	3½-2½pf pm	9.04	8½-7½ pm	8.04
Portugal	104.00-105.00	104.30-104.60	30-90c dis	−6.89	125-225 dis	−6.7
Spain	138.50-139.25	138.95-139.20	30c pm-20c dis	0.43	65-15 pm	0.12
Italy	1778-1790	1783½-1785	4½-2½lire pm	2.35	7¾-6¾ pm	1.60
Norway	10.86-10.92	10.88¾-10.89¾	5¼-3¾ore pm	5.23	15-13 pm	5.14
France	9.17½-9.25	9.22-0.23	3¾-2¾c pm	4.23	8½-7½ pm	5.47
Sweden	9.14-9.19	9.16½-9.17½	3½-1½ore pm	3.27	8¾-6¾ pm	3.38
Japan	460-464	462½-463½	3.85-3.60y pm	9.65	9.70-9.30y pm	8.21
Austria	29.25-29.40	29.28-29.33	23-13gro pm	6.96	53-43 pm	6.55
Switz.	3.57-3.62	3.59½-3.60½	4½-3½c pm	13.33	11½-10¾ pm	12.36

Belgian rate is for convertible francs. Financial franc 66.25-66.35. Six-month forward dollar 3.00-2.95c pm; 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

June 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1030-2.1115	2.1057-2.1067	0.65-0.55c pm	3.42	1.83-1.73 pm	3.38
Ireland†	1.9950-2.0005	1.9960-2.0000	0.80-0.60c pm	4.20	2.70-2.35 pm	5.06
Canada†	85.31-85.36	85.33-85.36	0.01c dis-0.01c pm	—	0.14-0.11 pm	0.59
Nethlnd.	2.0724-2.0785	2.0746-2.0765	0.55-0.45c pm	2.89	0.98-0.88 pm	1.79
Belgium	30.30½-30.34	30.32½-30.34	8-5c pm	2.17	7-5 pm	0.79
Denmark	5.4300-5.4500	5.4475-5.4500	0.80-1.30ore dis	−2.31	2.80-3.30dis	−2.24
W. Ger.	1.8878-1.8905	1.8895-1.8905	0.94-0.84pf pm	5.65	2.34-2.24 pm	4.85
Portugal	49.50-49.70	49.60-49.70	35-45c dis	−8.68	90-130 dis	−8.86
Spain	66.02-66.05	66.02-66.05	10-20c dis	−2.72	30-40 dis	−2.12
Italy	847.10-847.80	847.10-847.50	0.30-0.80lire dis	−2.12	3.20-3.70dis	−1.63
Norway	5.1675-5.1730	5.1720-5.1730	0.60-0.20ore pm	0.93	2.55-2.15 pm	1.82
France	4.3710-4.3800	4.3775-4.3800	0.45-0.35c pm	1.10	0.25-0.05 pm	1.37
Sweden	4.3500-4.3535	4.3525-4.3535	0.15cds-0.05cpm	−0.27	0.50-0.30 pm	3.67
Japan	219.60-219.90	219.70-219.90	1.20-1.10y pm	6.28	2.80-2.70 pm	5.00
Austria	13.912-13.937	13.932-13.937	5.00-4.50gro pm	4.09	12.50-11.00pm	3.37
Switz.	1.7060-1.7090	1.7080-1.7090	1.50-1.40c pm	10.18	3.90-3.80 pm	9.01

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 18	Bank of England Index	Morgan Guaranty changes %
Sterling	68.3	−36.3
U.S. dollar	86.4	−7.1
Canadian dollar	81.0	−17.0
Austrian schilling	145.3	+18.6
Belgian franc	112.9	+13.0
Danish kroner	115.1	+2.3
Deutsche Mark	150.2	+41.9
Swiss franc	194.7	+80.9
Guilder	123.0	+18.5
French franc	98.4	−7.2
Lira	54.6	−49.0
Yen	131.7	+50.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.606015	0.633008
U.S. $	9½	1.27548	1.33293
Canadian $	11¼	1.49422	1.56232
Austria Sch.	3¾	Unavail.	18.5675
Belgian F	9	38.6662	40.5193
Danish K.	8	6.91948	7.24895
D mark	4	2.40971	2.52163
Guilder	7	2.64471	2.76929
French Fr.	9½	5.58086	5.83821
Lira	10½	1080.01	1129.65
Yen	4¼	279.585	293.404
Nrwgn. K.	7	6.59041	6.89056
Spanish Pes.	8	84.1944	88.0397
Swedish Kr.	6½	5.55025	5.80449
Swiss Fr.	1	2.17954	2.28210

OTHER MARKETS

June 18	£	$		£ Note Rates
Argentina Peso	2702-2722	1282-1292	Austria	29-30
Australia Dollar	1.8960-1.9000	0.9000-0.9020	Belgium	65¼-66¼
Brazil Cruzeiro	53.20-54.20	25.25-25.75	Denmark	11.47-11.57
Finland Markka	8.35-8.37	3.9605-3.9625	France	9.17-9.27
Greek Drachma	77.284-79.150	36.70-37.60	Germany	3.95-4.05
Hong Kong Dollar	10.8075-10.8275	5.1300-5.1320	Italy	1,760-1,800
Iran Rial	141-155	72-75	Japan	457-467
Kuwait Dinar (KD)	0.580-0.590	0.2780-0.2781	Netherlands	4.32-4.42
Luxembourg Frc.	63.83-63.93	30.32-30.34	Norway	10.85-10.95
Malaysia Dollar	4.62¼-4.65¼	2.1940-2.1950	Portugal	100-105
New Zealand Dlr.	2.0050-2.0110	0.9520-0.9550	Spain	136½-139½
Saudi Arab. Riyal	7.10-7.20	3.3963-3.3975	Switzerland	3.55-3.65
Singapore Dollar	4.62½-4.63½	2.1928-2.1935	United States	2.10-2.11
Sth. African Rand	1.77-1.78	0.8405-0.8450	Yugoslavia	41½-43½

Rate given for Argentina is free rate.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 18, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; sg selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	88.00
Albania	Lek	10.0962
Algeria	Dinar	8.0644
Andorra	French Franc	9.225
	Spanish Peseta	139.075
Angola	Kwanza	60.118
Antigua (S)	E. Caribbean $	5.692
Argentina	Ar. Peso Free Rate	2,712
Australia (S)	Australian $	1.8980
Austria	Schilling	29.305
Azores	Portug. Escudo	104.45
Bahamas (S)	Ba. Dollar	2.1062
Bangladesh (S)	Taka	32.80 (sg)
Bahrain (S)	Dinar	0.808
Balearic Isles	Spa. Peseta	139.075
Barbados (S)	Babados $††	4.2124
Belgium	B. Franc	(cm) 63.88
		(fn) 66.30
Belize	B $	4.2124
Benin	C.F.A. Franc	461¼
Bermuda (S)	Bda $	2.1062
Bhutan	Indian Rupee	17.023 (sg)
Bolivia	Bolivian Peso	42.124
Botswana (S)	Pula	1.7442
Brazil	Cruzeiro ‡‡	55.70
Brit. Virgin Isles (S)	U.S. $	2.1062
Brunei (S)	Brunei $	4.630
Bulgaria	Lev	1.7930
Burma	Kyat	14.1686
Burundi	Burundi Franc	186.095
Cameroon Republic	C.F.A. Franc	461¼
Canada	Canadian $	2.4675
Canary Islands	Spanish Peseta	139.075
Cape Verde Isle	Cape V. Escudo	76.8974
Cayman Islands (S)	Cay. Is. $	1.7552
Cent. African Rep.	C.F.A. Franc	461¼
Chad	C.F.A. Franc	461¼
Chile	C. Peso	(Bk) 77.00
China	Renminbi Yuan	3.3022
Colombia	C. Peso	(F) 89.31
Comoro Islands	C.F.A. Franc	461¼
Congo (Braz'aville)	C.F.A. Franc	461¼
Costa Rica	Colon	18.115
Cuba	Cuban Peso	1.4876
Cyprus (S)	Cyprus £	0.7580
Czechoslovakia	Koruna	(com) 11.15
		(n/c) 22.18
		(T) 18.73
Denmark	Danish Krone	11.4775
Djibouti	Fr.	350.0
Dominica (S)	E. Caribbean $	5.693
Dominican Repub.	Dominican Peso	2.1062
Ecuador	Sucre	(O) 52.23
		(F) 5.954
Egypt	Egyptian £	(U) 1.4025
Equatorial Guinea	Peseta	139.075
Ethiopia	Ethiopian Birr	(P) 4.3648
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.4775
Fiji Islands	Fiji $	1.7725
Finland	Markka	8.36
France	French Franc	9.226
French C'ty in Af*	C.F.A. Franc	461¼
French Guiana	Local Franc	9.225
French Pacific Is.	C.F.P. Franc	167.75
Gabon	C.F.A. Franc	461¼
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.98125
Germany (West)	Deutsche Mark	3.98125
Ghana (S)	Cedi	5.87 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.8980
Greece	Drachma	78.217

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	11.4775
Grenada (S)	E. Caribbean $	5.692
Guadaloupe	Local Franc	9.225
Guam	U.S. $	2.1062
Guatemala	Quetzal	2.1062
Guinea Republic	Sily	40.931
Guinea Bissau		72.957
Guyana (S)	Guyanese $	5.3708
Haiti	Gourd	10.531
Honduras Repub.	Lempira	4.22
Hong Kong (S)	H.K. $	10.8175
Hungary	Forint	(com) 73.61
		(T/nc) 42.06
Iceland (S)	I. Krona	721.0
India (S)	Ind. Rupee	17.023
Indonesia	Rupiah	1.316
Iran	Rial	154.8
Iraq	Iraq Dinar	0.6228
Irish Republic (k)	Irish £	1.0568
Israel	Israel £	52.385
Italy	Lira	1,784.25
Ivory Coast	C.F.A. Franc	461¼
Jamaica (S)	Jamaica Dollar	3.7564
Japan	Yen	463.0
Jordan (S)	Jordan Dinar	0.640 (sg)
Kampuchea	Riel	2527.4
Kenya (S)	Kenya Shilling	16.945
Korea (Nth)	Won	1.94 (?)
Korea (Sth)	Won	1021.5
Kuwait (Sth)	Kuwait Dina	0.585
Laos	Kip Pot Po	842.5
Lebanon	Lebanese £	6.929
Lesotho	S. African Rand	1.775
Liberia	Liberian $	2.1062
Libya	Libyan Dinar	0.6235
Liechtenstein	Swiss Franc	3.60
Luxembourg	Lux Franc	63.88
Macao	Pataca	11 1839
Madeira	Portug'se Escudo	104.46
Malagasy Republic	MG Franc	461¼
Malawi (S)	Kwacha	1.7380
Malaysia (S)	Ringgit	4.6275
Maldive Islands (S)	Mal Rupee	8.20
Mali Republic	Mali Franc	922.5
Malta (S)	Maltese £	0.7680
Martinique	Local Franc	9.225
Mauritania	Ouguiya	95.073
Mauritius (S)	M. Rupee	12.7905
Mexico	Mexican Peso	47.94
Miquelon	C.F.A. Franc	461¼
Monaco	French Franc	9.228
Mongolia	Tugrik	(O) 6.930 (?)
Montserrat	E. Caribbean $	5.692
Morocco	Dirham	8.18 (sg)
Mozambique	Moz. Escudo	65.095
Nauru	Australian Dollar	1.8980
Nepal	Nepalese Rupee	25.274
Netherlands	Guilder	4.37
Netherland Antilles	Antilian Guilder	3.7701
New Hebrides	Franc.	149.09
	Aust. Dollar	1.8980
New Zealand (S)	N. Z. Dollar	2.009
Nicaragua	Cordoba	18.80
Niger Republic	C. F. A. Franc	461¼
Nigeria (S)	Naira	1.2703 (sg)
Norway	Norway Krone	10.8925
Oman Sultanate of (S)	Rial Omani	0.728
Pakistan	Pakistan Rupee	20.805
Panama	Balboa	2.1062
Papua N. Guinea (S)	Kina	1.5175
Paraguay	Guarani	262.08

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7195
Peru	Sol	exc (A) 461.14
Philippines	Philippine Peso	15.542
Pitcairn Islands (S)	£ Sterling	
	New Zealand $	2 008
Poland	Zloty	(Cm) 63.38
		(T) 63.38
Portugal	Portugu'se Escudo	104.45
Port Timor	Timor Escudo	104.45
Principe Islands	Portugu'se Escudo	104.45
Puerto Rico	U.S. $	2.1062
Qatar (S)	Qatar Ryal	7.95
Reunion Ile de la	French Franc	9.225
Rhodesia	Rhodesian $	1 4606
Romania	Leu	(Cm) 9.07
		(n c) (T) 24.35
Rwanda	Rwanda Franc	190.205
St. Christopher (S)	E. Caribbean $	5 692
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.692
St. Pierre	C.F.A Franc	461¼
St. Vincent (S)	E. Caribbean $	5.692
Salvador El	Colon	5.255
Samoa American	U.S. $	2.1062
San Marino	Italian Lire	1,784 25
Sao Tome	Portugese Escudo	104.45
Saudi Arabia	Ryal	7.15
Senegal	C.F.A. Franc	461¼
Seychelles	S. Rupee	13 33
Sierra Leone (S)	Leone	2.226
Singapore (S)	Singapore $	4.63
Solomon Islands (S)	Solomon Is. $	1 0016
Somali Republic	Somali Shilling	(A) 13.250
South Africa (S)	Rand	1.775
South West African Territories (S)	S. A. Rand	1.775
Spain	Peseta	139.075
Spanish ports in North Africa	Peseta	139.075
Sri Lanka (S)	S. L. Rupee	32.55
Sudan Republic	Sudan £	(A) 0.8425
Surinam	S. Guilder	3 7701
Swaziland (S)	Lilangeni	1.775
Sweden	S. Krona	9.17
Switzerland	Swiss Franc	3.60
Syria	Syria £	(A) 8.267
Taiwan	New Taiwan	(P) 75.825
Tanzania (S)	Tan. Shilling	17.15
Thailand	Baht	42.50
Togo Republic	C.F.A. Franc	461¼
Tonga Islands (S)	Pa'anga	1 8017
Trinidad (S)	Trinidad & Tob' $	5 0549
Tunisia	Tunisian Dinar	0.842 (sg)
Turkey	Turkish Lira	97.1302
Turks & Caicos	U.S. $	2.1062
Tuvalu	Australian $	1.8980
Uganda (S)	Uganda Shilling	n.a.
United States	U.S. Dollar	2.1062
Uruguay	Uruguay Peso	(cm) 16.41
		(fn) 16.46
Utd. Arab Emirates	U.A.E. Dirham	8.08
U.S.S.R.	Rouble	1.3735
Upper Volta	C.F.A. Franc	461¼
Vatican	Italian Lire	1784.25
Venezuela	Bolivar	9.02
Vietnam	Dong	(O) 4.5915
		(T) 4.070
Virgin Islands U.S.	U.S. Dollar	2.1062
Western Samoa (S)	Samoan Tala	1.628
Yemen	Ryal	9.53 (sg)
Yugoslavia	New Y Dinar	39.9840
Zaire Republic	Zaire	3.303098
Zambia	Kwacha	1.6675

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 88.46. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados £ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

HANGE CROSS RATES

June 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Sterling	1.	2.106	3.981	465.0	9.225	3.600	4.370	1784.	2.468	63.98
llar	0.475	1.	1.890	219.8	4.380	1.709	2.075	847.1	1.172	30.38
hemark	0.251	0.529	1.	116.5	2.317	0.904	1.098	448.2	0.620	16.05
se Yen 1,000	2.160	4.549	8.599	1000.	19.92	7.775	9.438	3854.	5.329	138.0
Franc 10	1.084	2.283	4.316	501.9	10.	3.903	4.737	1934.	2.675	69.35
ranc	0.278	0.585	1.106	128.6	2.563	1.	1.214	495.6	0.685	17.75
Guilder	0.229	0.482	0.911	105.9	2.111	0.824	1.	408.3	0.565	14.62
Lira 1,000	0.560	1.180	2.231	259.5	5.170	2.018	2.449	1000.	1.383	35.80
n Dollar	0.405	0.854	1.613	187.6	3.739	1.459	1.771	723.1	1.	25.89
Franc 100	1.565	3.297	6.232	724.8	14.44	5.636	6.841	2793.	3.863	100.

O-CURRENCY INTEREST RATES

following nominal rates were quoted for London dollar certificates of deposit: one month 10.35-10.45 per cent; three months 10.35-10.45 per cent; six 10.25-10.35 per cent; one year 9.95-10.05 per cent.

ne 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
erm.	15½-13¾	10¼-10½	9½-10½	7¾-8	½-1½	5⅞-5⅞	7½-8½	9-10	—	-2⅛-2½
s' notice	15¾-14	10⅜-10⅝	9½-10½	7¾-8	[illegible]	5⅞-5⅞	7⅞-8⅛	10½-11½	10⅛-10⅛	5¼-4⅞
...	14-14⅛	11⅛-11⅛	10¾-11½	8½-8⅝	1⅛-1½	5⅝-5⅞	9¾-10¼	11½-12½	11⅛-11⅛	4⅝-5⅛
onths.	15⅞-14	10½-10¾	10⅝-11½	8½-8¾	1¼-1⅝	5⅞-5½	10⅛-10⅝	12-13	10½-10⅝	5⅞-5⅞
ths	13⅝-13½	10½-10¾	10⅝-11½	9½-9⅜	2-2½	6⅜-6⅝	10½-10⅞	12½-13½	10⅛-10⅞	5⅞-6¼
r	12⅞-13	10⅛-10⅜	10⅛-10½	9½-9⅜	2½-2⅝	6¾-6⅞	10⅝-11	13-14	10⅛-10⅛	6⅛-6½

following nominal rates were quoted for London dollar certificates of deposit: one month 10.35-10.45 per cent; three months 10.30-10.40 per cent; six 10.30-10.40 per cent; one year 9.95-10.05 per cent.
g-term Eurodollar: two years 9[11/16]-9[13/16] per cent; three years 9¾-9⅞ per cent; four years 9[11/16]-9[13/16] per cent; five years 9⅝-9¾ per cent nominal closing Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in re.

ERNATIONAL MONEY MARKET

ank of France to buy paper

Bank of France is to offer first category paper by with value date for pur- June 21. The last tender, lue May 16, produced a of 7½ per cent, but the se rate is expected to rise to around 8¼ per cent, rent discount rate for one- Treasury bills. The result tender will be known ow.

est rates rose sharply last helped by an increase in es at which the authorities it bills. This follows up- pressure on European t rates in general, and about the effect on the franc and inflation.

Bank of France buys to ease shortages of y in the money market, from tenders which are ly held once a month. have not been any such purchases since May 16 however, with interest rates stabilizing for some periods, but still showing an upward trend overall. The paper subject to tender will be divided into three maturity periods, June 26 to 29, July 1 to 5, and July 6 to 15.

In the Paris money market call money fell to 7⅞ per cent from 8 per cent; and one-month to 8½-8¾ per cent from 8[11/16]-8[13/16] per cent. Three-month was unchanged at 8¾-8⅞ per cent; while six-month eased to 8[15/16]-9[1/16] per cent from 8¾-9 per cent: 12-month money was unchanged at 9½-9⅝ per cent.

FRANKFURT — Call money was unchanged at 5.50-5.60 per cent, but period rates were easier. One-month funds fell to 5.50-5.75 per cent from 5.80-5.90 per cent; three-month to 6.30-6.50 per cent from 6.45-6.55 per cent; six-month to 6.50-6.60 per cent from 6.80-6.90 per cent; and 12-month to 7.00-7.10 per cent from 7.30-7.50 per cent.

AMSTERDAM — Call money was unchanged at 7¾-8¼ per cent, and one-month at 8½-8¾ per cent. Three-month rose to 8¾-9 per cent from 8½-8¾ per cent, and six-month to 9¼-9½ per cent from 9¼-9⅜ per cent.

BRUSSELS—Call money was unchanged at 7-8½ per cent; one-month at 9¼-9⅜ per cent; and three-month at 9⅜-9⅞ per cent. Six-month funds were quoted at 9⅝-9⅞ per cent, compared with 9⅝-9⅞ per cent, and 12-month rose to 9⅝-9⅞ per cent from 9½-9¾ per cent.

SINGAPORE—The Bank of New South Wales has raised its prime rate by ½ per cent to 8½ per cent.

HONG KONG—The money market was easy, with call at 11 per cent, and overnight money at 9½ per cent.

GOLD

Weaker trend

Gold lost $2 an ounce in the London bullion market yesterday and closed at $277¾-278½. The metal opened at $279½-280¼ and was fixed during the morning at $279.90 before easing at the afternoon fixing to $278.00. The Krugerrand's premium over its gold content was quoted at 3.19 per cent, as domestic and international coins were quoted at a common level.

In Paris the 12½ kilo bar was fixed at FFr 41,250 per kilo ($293.22 per ounce) in the afternoon, compared with FFr 41,450 ($294.85) in the morning and FFr 41,600 ($294.50) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,010 per kilo ($279.92) against DM 17,100 ($280.13) previously.

	June 18	June 15
Gold Bullion (fine ounce)		
Close	$277¾-278½	$279¾-280½
	(£131.7-132.0)	(£132.9-133.2)
Opening	$279½-280¼	$278½-279¼
	(£132.8-133.2)	(£132.8-133.1)
Morning fixing	$279.90	$279.30
	(£133.032)	(£133.044)
Afternoon fixing	$278.00	$280.00
	(£131.754)	(£133.080)
Gold Coins, domestically		
Krugerrand	$286-288	$287½-291½
	(£135¾-136¾)	(£136¼-138¼)
New Sovereigns	$72-74	$72¾-74¾
	(£34-35)	(£34½-35½)
Old Sovereigns	$91½-93½	$88-90
	(£43½-44½)	(£41¾-42¾)
Gold Coins, internationally		
Krugerrand	$286-288	$288-290
	(£135¾-136¾)	(£136¾-137¾)
New Sovereigns	$72-74	$72¼-74¼
	(£34-35)	(£34¼-35¼)
Old Sovereigns	$91½-93½	$91½-93½
	(£43½-44½)	(£43½-44½)
$20 Eagles	$398-403	$400-405
$10 Eagles	$228-233	$228-233
$5 Eagles	$158-163	$158-163

MONEY MARKET

dequate credit supply

of England Minimum ing Rate 14 per cent since June 12, 1979)

o-day credit was in le supply in the London market yesterday, and the ties did not intervene. balances carried over Friday were on target, here was a small excess of Government disbursements over revenue payments to the Exchequer. There were no adverse factors.

Discount houses paid 12¾-13½ per cent for secured call loans in the early part, and closing balances were taken at 13-13¾ per cent.

In the interbank market overnight loans opened at 13¾-14 per cent, and eased to 13-13½ per cent on expectations of a surplus of funds. Trading was around 13½-13¾ per cent for the most part, before easing to 12½-12¾ per cent in the afternoon. The highest level touched was 14½-15 per cent, with closing rates around 8-10 per cent.

Rates in the table below are nominal in some cases.

ON MONEY RATES

18 9	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
t	—	8-15	—	—	—	14	12¾-13¼	—	—	—
otice	—	—	13⅞-14	—	—	—	—	—	—	—
7	—	—	—	—	—	—	—	—	—	—
otice	—	13⅞-14¼	13⅞-14	—	14½	14¼	13¼	—	—	—
th	14⅛-13⅞	14-14⅛	13¾-14⅞	14⅜-14⅜	14½	14¼	13⅝	13¼	13½	14
nths	14-13⅞	13½-14⅛	—	14⅝-14¼	14⅝	14⅜	13⅝	13⅞	13½	14
onths	13½-13⅛	13⅞-14⅛	13¾-13½	14¼-14	14¼	—	13⅝	13¼-13⅝	13⅝	14
ths	13⅝-13¼	13¾-13½	13-13¼	13¼-12⅞	13⅝	—	—	—	12⅝	13½
nths	13-12⅞	12⅞-13⅛	—	13¼-12⅞	13⅜	—	—	—	—	—
r	12¾-12⅝	12¾-13	12½-12¾	13-12⅝	13¼	—	—	—	—	—
rs	—	—	12½-13	—	—	—	—	—	—	—

authority and finance houses seven days' notice others seven days' fixed. *Long-term local authority mortgage minally three years 12¾-13 per cent; four years 12¾-13¼ per cent; five years 12¾-13¼ per cent. ◆Bank bill rates are buying rates for prime paper. Buying rate for four-months bank bills 13⅛ per cent; four-months trade per cent.

oximate selling rate for one-month Treasury bills 13⅛ per cent; two-months 13⅛ per cent; three months cent. Approximate selling rate for one-month bank bills 13[11/16] per cent; two month 13[11/16] per cent; and three- ½ per cent; one-month trade bills 13¾ per cent; two-month 13¾ per cent; and three-month 13⅝ per cent.

nce Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending cent. Treasury Bills: Average tender rates of discount 13.3909 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.3125
Treasury Bills (13-week)	8.97
Treasury Bills (26-week)	9.02
GERMANY	
Discount Rate	4
Overnight Rate	5.55
One month	5.825
Three months	6.40
Six months	7.05
FRANCE	
Discount Rate	9.5
Overnight Rate	7.875
One month	8.1875
Three months	8.5625
Six months	9
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.375
Bills Discount (three-mth.)	5.75

THE JOBS COLUMN

'Remuneration' + 'termination' = humiliation

BY MICHAEL DIXON

"MY WIFE now has a dress-allowance from my company, for example," one of the audience commented with considered non-chalance.

His possession of this perk (a hem-benefit?) certainly impressed most of the other personnel managers at the seminar in London, as they waited for the comment from the floor to be answered by one of the experts on the platform.

But to a few there, dress-allowances for spouses were plainly old hat in these perk-proliferating days. The few no doubt work for organisations with really sophisticated "remuneration packages," *perhaps including subsidised* postage stamps to ease the financial strain of communicating with sons and daughters away at school on company scholarships.

"Giving wives dress-allowances does not get the best value for the company," came the reply from the appropriate expert: Tony Vernon-Harcourt of Keyser Ullman Remuneration Services. "It's better to put the wives on the company payroll, and then lend them the dresses." Sitting beside him as he spoke, I shuddered.

About 70 of us had spent the day reviewing, under the sponsorship of European Study Conferences, the latest trends in systematically recruiting, systematically rewarding and systematically getting rid of managerial employees.

Of these three procedures, the audience generally seemed most interested in the last, which it is evidently no longer fashionable to speak of even as "dismissing" — at least, not when referring to senior staff. Anyone loutish enough to call the sack the sack would, of course, be utterly ostracised.

No sadism was betokened by the special interest in this process. The audience was concerned about it as a particularly difficult task which, although distasteful, cannot be avoided altogether. The reason, the conference was told, was that in spite of their strivings to be pro*fessional, personnel managers are "all human"* and will inevitably make occasional mistakes in recruitment or promotion.

Fallibility, however, is no excuse for indelicacy. Thus one speaks of the sad process as "*termination*" or "*separation*" unless, when hob-nobbing exclusively with other personnel managers and wishing to appear a trifle daring, one ventures the expression "letting go."

Few appreciate the importance of preserving the finer feelings more than does the conference's expert on terminations. Deryck Sidney, head of the *UK THinc* Group, now specialises in swiftly spiriting the newly separated away from their scene of shame to his own offices where, in the remarkably short average time of four months, they learn to return to life as executives elsewhere. But he was once himself insensitively separated by a boss who combined the deed with last-minute preparations for his departure on a fortnight's holiday. So Mr. Sidney knows how one can feel.

When he has a say in the matter the ineluctably brutal act of termination is pared to the minimum. As soon as the employer's representative has spoken the dread sentence, the unwanted body is whisked to a THinc consultant waiting in the next room where the terminee is instantly translated into a "*candidate.*"

The purpose of the change of title, I gather, is to establish that the late experience was not really a disaster, but an opportunity.

It is not only those most immediately concerned whose dignity is preserved by such decorousness and insistence on looking toward the bright future. If it were, then it would hardly have become customary for the task of executing a termination to be delegated to an official rather below the highest echelons of the organisation.

No. In fact the terminator *must always be mindful of the* reputations of superiors. And with these at stake, there is only danger in allowing the terminee to ask unseemly questions.

"I mean: what can you as a personnel director say when a chap asks you why he's being *separated?" Deryck Sidney* asked rhetorically. "You can't say: 'Because the new chief executive doesn't like you.' You can't say that, can you?"

Much of the audience stirred apprehensively. To them, it was doubtless as clear as the pin*stripes on their company suits*—systematically graded to reflect position in the hierarchy—that one does not get to be a personnel director by putting it about that one's chief executive has frailties such as personal likes and dislikes. That could be tantamount to a terminal offence in itself. Wiser to leave the terminees to infer that the cause must be some incompetence in their work, which they have miserably failed to perceive.

Perched on the platform, I stirred uneasily too. The personnel managers in the audience knew what they had come for. And surely nobody in the world knew better how to supply it than Mr. Sidney and the other speakers, equal experts in the other techniques under review. By comparison, what might I usefully say?

Then it occurred to me that the attitude the conference had been taking towards its topics resembled that of a U.S. Army general depicted in a New Yorker cartoon during the Vietnam War. Facing a critical-looking lady at a cocktail party, the general was obviously replying to some deprecating re*mark she had made.* "Anti-personnel weapons?" he was saying. "Of course we use anti-personnel weapons. But only against personnel; never against people."

Remember what we had been discussing.

First, systematic recruiting in which we had been told, among other things, that it was essential for all who recruit on behalf of a company to behave in accordance with the corporate image. So if one or two of our line managers who take on new subordinates tend in practice to behave somewhat differently from the idealised *executive, they must clearly* be instructed to keep their eccentricities under wraps at least until the job they are offering is accepted.

When the new executive arrives, he or she must be systematically remunerated in accordance with standing in the company. Such an amount of pay. Such a power of car. Such a degree of assistance with mortgage. Such a quality of household furnishings and clothes for self and spouse. Help towards fees for children at schools of such an exclusiveness. And so on.

Then something goes wrong —perhaps the newcomer cannot get on with the real manager who has emerged from behind the corporate image. So we activate the systematic termination.

When we do so, of course, the terminee is liable to interpret it as entailing the *loss of pay*, car, house, carpets and curtains. There may even flash into the unfortunate mind a vision of self and spouse standing forlorn in their underclothes—always provided that those, too, were not on loan from the con*siderate* employer — and of children awakening to insolent stares in their school dormitory because their trunks and tuck-boxes are standing, packed, at the end of their bed.

It need be only a momentary vision because, as soon as the *terminee is* transformed into a candidate, the outlook will become one of unexpected opportunity. But there will be a few instants of intense nightmare for even the most optimistic and, dare I say it, conditioned organisation man.

Surely *no* human being would deliberately risk having to do that to another. But for some people, such a humiliation will be the unavoidable consequence of their employer's installing ssytems—particular for rewarding managers—of t kind I have outlined.

So if it is true that person managers are all human, t only *explanation I can see f* their being willing to oper such devices is that they m believe the systems are bei applied only to personnel; r to people.

The managers cannot blamed for initiating t *dehumanising trend, of cour* The systems grew out of b nesses' wish to free sen staff from the "actions interventions of Governme deplored by the Chancellor the Exchequer in his Bud speech a week ago.

But the counteracti adopted by companies do free people. The effect instead to lock them into organisation until it chu them out, so adding to the ernmental interventions — quote the Budget speech a —another set of "laws stand in the way of change stifle enterprise.

It is time for the persor profession to follow the Chancellor's lead by publ renouncing its part in bureaucratic mania which, years after the first "T Art" was instituted to pro manual workers, is lea thousands of managers incr ingly to "owe their soul to company store."

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Management Accountant

West London c. £7,000

One of the worlds largest basic food companies offers an exciting and challenging opportunity for a young qualified accountant, at its London headquarters.

This position offers a chance to participate in the planning and evaluation of the group's performance, at a senior level. The emphasis is on management accounting, with one project being the development of new computer models for the business. An appointee of the right calibre has an excellent chance of progression in either financial or general management.

Candidates must be qualified accountants and in their mid twenties. They need to be effective communicators and preferably experienced with computers.

For an application form, write in confidence showing how you meet the specification and quoting reference 1651/L, to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division,

165 Queen Victoria Street,
Blackfriars,
London, EC4V 3PD.
Peat, Marwick, Mitchell & Co.

QUALIFIED ACCOUNTANT

HODGES CHAPMAN, a rapidly growing firm of Chartered Accountants, located in Central Croydon, are urgently seeking accountants, either qualified (ACA or ACCA) or unqualified but with top-class experience, to join them and take an active part in their expanding business.

We should particularly like to hear from people who are not only highly skilled technically but are sufficiently mature to take on individual responsibility for clients.

If you are interested in joining this growing firm, which has departments specialising in tax consultancy, computerised accounting systems, and management consultancy—and which can therefore provide a very great degree of scope for the right people—we shall be very interested to hear from you.

Please send a brief but comprehensive career history and a note indicating why these appointments appeal to you.

Dr. S. A. Ahern (Ref. F.T.1)
HODGES CHAPMAN
Chartered Accountants
8 George Street, Croydon CR0 1PA

CHARTERED ACCOUNTANT

A small London quoted group requires a Chartered Accountant aged approximately 32, to play a management role in building up companies. Must be available in July.

Salary £9,000 + car

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As a leading Lloyd's Syndicate, we are seeking to recruit an Accountant who will be responsible for the production of our accounts.

The successful applicant will have proven experience either with a Lloyd's Syndicate or with a firm of Chartered Accountants, specialising in this field.

Together with an excellent salary we are able to offer good fringe benefits which include free medical expenses, Permanent health and life cover insurance.

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Our client, an expanding group of private companies involved in Transportation, Shipping and Travel, are looking for a young qualified accountant with E.D.P. experience. The successful candidate will report to the Chief Executive and be responsible for the accounting function of the principal subsidiary and for the conversion to a micro-computer system of the Group Accounting.

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ACCOUNTANT

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REF. 40934

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Reporting to the Managing Director, you will have responsibility for control and direction of Divisional Accountants providing assistance with business planning, budgeting, cash utilisation and the development of improved systems. Also for the preparation and presentation of Group reporting, published accounts and the secretarial practices of a UK Public Quoted Group.

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These advertisements appeared in the Financial Times on 12th June

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Assistant Accountant	£5,000	S.W. Essex	PER Chelmsford
Management Accountant	£6,000-£7,000	Berkshire	Field & Sons
Management Accountant	—	S.W.4	UBH (Mechanical Services) Ltd.
Investment Accountant	—	Potters Bar	Albany Life Assurance Co. Ltd.
Assistant Cost Accountant	£5,000	Croydon	Listen on 01-499 9471

For further information see the FT of that date or telephone 01-248 8000 Ext. 526 or 01-248 3597

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£7,000 and excellent bonuses required by small international bank. Age 25/35

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£5,500/£6,500 excellent bonuses required by leading international bank for their Middle East Division (London based). Age early 20s preferably with formal credit training with large international or U.S. bank.

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Financial Accountant

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This is an excellent opportunity for an ambitious young ACA/ACCA qualified accountant to join our clients dynamic accounts team. The company, part of a multi-national corporation with subsidiaries throughout the UK and Europe; manufacture and market exclusive medical diagnostic instruments and systems.

As the successful candidate you will be directly responsible to the UK Operations Controller for the full range of financial accounting ensuring that accounts are completed within prescribed timescales, drawing up annual budgets and periodic forecasts.

Ideally you will be aged 25-30 with at least 2 years experience in an industrial environment.

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PER, (0245) 60234 Cater House,
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مكتبة من الأصل

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Robert Howes and Associates, Australia's leading Commodity Futures Broker, dealing on the London, New York, Chicago and Sydney exchanges, requires experienced commodity brokers.

The Futures industry is firmly established in Australia with gold, wool, boneless beef and live cattle already being traded. Currency interest rate and silver contracts will soon be added. This is your opportunity to play an active role in the development of the industry and reap substantial rewards in terms of satisfaction and finance.

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General Manager,
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273 George Street, Sydney NSW 2000,
AUSTRALIA.
Telephone: 29 2911.

Financial Controller

Engineering Industry

c.£10,000

Our client seeks a CA or ACMA qualified controller who will head up the Finance function of its centrally controlled, multi-divisional, engineering activities. With a special interest in management accounting systems and modern costing techniques, the Financial Controller will work closely with a top management team who will be unusually sympathetic to creative plans that lead to optimising control and information.

We anticipate ideal candidates to be graduates in their late thirties with at least eight years industrial experience, preferably within the aircraft or engineering industries. Additionally we expect that recently they will have been in a relevant position in a large company.

The remuneration, which is only part of a full compensation package, should attract someone who is looking for additional responsibility in a location that will appeal to those who prefer rural or marine pursuits to urban high-life.

Interested applicants should send brief but comprehensive career details to the address below, quoting Ref. No: 044/2/FT.

Charles Barker-Coulthard
30 Farringdon Street, London EC4A 4EA.
Telephone 01-236 0526
Management Selection—Executive Search

PROJECT FINANCE NEGOTIATOR

The requirement is for an Assistant Manager with recognisable managerial potential to make an immediate contribution as a new business negotiator in this expanding international division.

The successful applicant will be aged 27-35 with sound practical experience of ECGD facilities or Eurocurrency lending.

An attractive negotiable salary, substantial fringe benefits and excellent career prospects are offered.

Written applications with a full curriculum vitae should be sent in confidence to:

Peter Llewellyn, Personnel Department,
Standard Chartered Merchant Bank Limited,
33-36, Gracechurch Street, London EC3V 0AX.

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Established and Active Lead Manager of
EUROBOND ISSUES
seeks experienced
INSTITUTIONAL SALES EXECUTIVE

The qualified candidate will have a demonstrably successful record of selling international securities to institutions, and will work closely with primary market directors and secondary market dealers. Salary dependent upon candidate's record and experience.

Write in confidence to Box A6802
Financial Times, 10 Cannon Street, EC4P 4BY

Financial Controller

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This is a new, attractive and key appointment with a well-known City Institution. The undertaking has a long-established and diversified banking business, and is particularly active in the financing of international trade in both Sterling and Euro-currencies and in foreign exchange dealing.

• RESPONSIBILITY is to the Managing Director for all accounting and financial controls – including computer programmes and operations, preparation of management accounts (cash flows, exposure analyses, departmental profits) and Bank of England returns.

• A PROFESSIONAL QUALIFICATION, relevant experience at senior level, preferably in banking, and familiarity with EDP systems are the prime requirements.

• TERMS – to match experience and achievement – are for discussion with not less than £12,000 as the starting salary indicator. Preferred age – mid-thirties to mid-forties.

Write in complete confidence
to Sir Peter Youens as adviser to the Institution.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
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and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Managing Director

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for a leading specialist processed meat company with sales of around £10m. The business is based in a pleasant county town and is backed by the resources of a large public group.

• RESPONSIBILITY will be for planning and implementing agreed profit and market share goals. Success will bring good career prospects.

• THE REQUIREMENT is for a successful record indicating commercial acumen, personal leadership qualities, and a knowledge of the processed meat industry.

• PREFERRED AGE: 40s.

• SALARY unlikely to be less than £15,000.

Write in complete confidence
to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
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Accounting Manager

Longbridge

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The Longbridge Site, the hub of the Austin Morris operation, is the largest integrated vehicle plant in the U.K. with an annual payroll in excess of £100 million and Longbridge Finance provides an important service to the Plant and a wide range of divisional functions.

This is a key appointment strengthening Longbridge Finance to play a major role in the future. As Manager you will have complete responsibility for the financial accounting activity and contribute to major policy changes in the accounting area. The position will provide opportunity for development and implementation of control systems.

This appointment will appeal to a qualified accountant, already holding a responsible management position, but looking for something more demanding with excellent prospects in the medium term. Experience is essential in the management of financial and cost accounting including auditing and budgetary and inventory control, ideally in a medium to large manufacturing environment.

A competitive salary will be paid and benefits include B.U.P.A., attractive car leasing facilities and generous assistance with relocation where appropriate.

Interested men and women should write to:

Edward Winspur, Recruitment Manager,
Organisation & Personnel Planning,
Austin Morris Manufacturing, BL Cars Limited,
Longbridge, BIRMINGHAM B31 2TB.

Austin Morris

OPPORTUNITY IN MANAGEMENT

If you are between 25 and 35 and already have at least two years of supervisory experience you are probably qualified for a position as management trainee in our company.

We shall train you to become an expert in improving business operations.

Our assignments include manufacturing, administrative, marketing, engineering functions and management and skills training. You will learn the most modern techniques of planning and co-ordinating workflows.

For the most dynamic candidates there is the opportunity for a rapid promotion and high earnings.

Fluency in German or French and willingness to travel every week is required.

Please send immediately c.v. mentioning earnings and day-time telephone number (Ref. FT 19/6/79) to

INSIGHT PUBLICATIONS S.A.
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Internal consultancy work for a Public Company for a newly qualified or established Chartered Accountant

Development Accountant

W.C.2

Salary: Negotiable

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Within their London Head Office in Kingsway, Gallaher have a small team of qualified accountants whose function is to act as an internal consultancy unit for the Group. This includes ad hoc investigations, corporate planning and budgetary work. Some travel is involved.

Due to internal promotions and expansion the development team is now looking for an additional one, or possibly two, Chartered Accountants.

Membership of the development team is likely to lead to a very progressive career future within the Group. For further information please contact our Managing Director, Mr. D. R. Whateley, whose private telephone number is 01-623 9227. The reference is 475.

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Executive Selection,
6 Martin Lane, London EC4R 0DL.
WPL

Avon challenge your idea of auditing

c.£9,000

Avon Overseas Limited, the European Marketing Centre of the World's largest direct selling cosmetics and toiletries Company, presently based in Knightsbridge, is moving to prestigious, new premises in North West London later this summer.

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You need not necessarily be a qualified accountant. Perhaps you will have gained an HNC in Business Administration. To help meet our tight reporting schedules, you should, ideally, already be familiar with American computer based reporting systems.

Avons operational reviews cover all facets of our European activities and should equip you with the experience necessary to progress within the Company.

The job is demanding and requires the type of individual who is capable of dealing with management and personnel at all levels and who can combine objective, detached thinking with positive communication skills. In addition, this person must have a good conversational knowledge of another European language and be prepared to spend time travelling, normally on visits of 2-3 weeks' duration.

The excellent salary reflects the importance of this appointment and will be supported by the range of benefits you would expect from a successful international organisation, including free life assurance, B.U.P.A. subscription and non-contributory pension scheme.

Please write to with full career details or phone: Jacky Margolis, Avon Overseas Limited, Bowater House, 68/114 Knightsbridge, London SW1X 7LR. Tel. 01-589 8151.

AVON

FINANCIAL CONTROLLER

U.K. Public Company

Watsham's Limited has completed a period of substantial development and its specialist engineering and pharmaceutical companies are ready to carry out their long-term objectives in the major world markets.

The Financial Controller will be responsible for business plans, cash control and the development of improved systems as well as group reporting and the secretarial practices of a U.K. public company.

The successful candidate will preferably be a Chartered Accountant with management experience and will report to the Managing Director. Age preferred 28-35. Location N.W. London. Excellent salary negotiable.

Applications in writing, which will be treated in strictest confidence, to:

The Managing Director
WATSHAM'S LIMITED
62 Grosvenor Street, London, W1
Tel: 01-499 0029

New Business Executive

Circa £15,000 **West Africa**

Due to the rapid expansion of our international trading operation, an opportunity has now been created for a high-calibre Sales Executive, responsible for developing new business in West Africa.

As our interests are very diverse, the successful candidate must have a wide commercial knowledge together with the ability to achieve an outstanding performance under sometimes difficult market conditions.

Based in London he/she will enjoy regular visits to West Africa as an essential part of his/her responsibilities in ensuring our clients receive a service second to none.

This challenging career will provide variety and tremendous opportunity for the future together with excellent remuneration, company car and expense account.

Those wishing to apply should write giving age and experience to:—

Mrs. J. L. Weingartner,
CROSSOCEANS LTD.,
34 Beaufort Gardens, London SW3 1PW.

REQUIRED FOR A PROMINENT
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Please apply to Box A.6790, Financial Times,
10 Cannon Street, EC4P 4BY.

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Ring Elizabeth Slade 584 8166

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£180 CLOTHES ALLOWANCE

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£4,200
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International Market Division of a Government organisation, superb office.

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62 BROMPTON ROAD, SW3
(Opposite Harrods)

ALFRED MARKS STAFF BUREAU

Easier Wall St. trend on oil price worries

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—39¾% (38¾%)
Effective $2.1062—13¾% (12¾%)

WITH INVESTORS worrying over expected further oil price increases, Wall Street tended to ease yesterday in reduced but still active trading, although the Gaming sector and issues involved in take-overs advanced.

The Dow Jones Industrial Average declined 3.90 to 839.40 and the NYSE All Common Index receded 29 cents to $57.56, while falls outscored gains by 876 to 554. Trading volume amounted to 31.13m shares, compared with last Friday's 33.01m.

OPEC oil ministers meet next week and a jump in oil prices is expected. Saudi oil minister, Sheikh Yamani, warned that the price of oil will soar unless consumption is reduced.

The Middle East economic survey said the Saudi's are about to increase oil production, but Gulf Oil chairman James E. Lee said the Saudis may cut back.

Analysts stated that investors were also disappointed by recent signs of continued buoyancy in the U.S. economy. Last week, the market learned of a record rise in the basic money stock and of a rebound in May industrial production.

Yesterday, the Commerce Department reported that May housing starts rose 5.3 per cent seasonally adjusted after a fall of 2.9 per cent in April.

Investors have been hoping that the economy would slow to ease upward pressure on interest rates. Last week a move to cut the Prime Rate by a ¼ of a point to 11¾ per cent began, and a few more major banks followed yesterday. However, some analysts view the reductions as only temporary.

Volume leader Charter Company fell $5 to $28¼ and the Warrants 4¾ to $25. American Financial, which has ended talks on the sale of its holding of Charter convertible securities, lost ¾ to $26¾.

American Telephone slipped ⅜ to $58⅜ despite higher profits for the three months to May 31. C. F. Braun retreated 6¾ to $39¾. The company stated on Friday that it had been approached about a merger but there were no current talks.

Among Glamours and Blue Chips, IBM receded 1¼ to $72¼, General Motors ¼ to $59¾, Eastman Kodak ¼ to $56¾, Teledyne ⅜ to $121⅛ and Du Pont ⅛ to $128⅛.

Caesars World climbed 2¼ to $34, and Bally Manufacturing ⅜ to $46⅜ among Gaming issues. Active B. L. Burns gained ¾ to $4¾ on reporting a third-quarter profit after a year-ago loss.

Shapell Industries jumped 5¾ to $40⅜. It is to tender for 500,000 of its shares at $41 each.

Rolm added 2¾ at $37. It has been chosen as the common missile computer system vendor for the cruise missile project.

THE AMERICAN SE Market Value Index relinquished 0.46 to 196.73 on volume of 4.54m share (5.46m).

Canada

Stocks closed mixed overall yesterday following another active business. However, the Toronto Composite Index lost 3.4 to 1,577.2, dragged down by a sharp reaction in the recently strong Oils and Gas sector, which receded 33.7 to 2776.9 on index.

Golds shed 6.2 to 1,812.0 and Metals and Minerals 3.9 to 1,313.5, but in Montreal, Banks put on 2.63 to 296.76 and Utilities 1.14 to 236.58.

Among retreating Oils, Dome Petroleum, the most active Toronto issue on 119,214 shares, fell C$2 C$ 58¾.

Tokyo

Share prices moved further ahead in light trading, with Shipping Lines, Machineries and energy-related issues leading the way.

The Nikkei-Dow Jones Average rose 44.27 more to 6,188.21 and the Tokyo SE index 1.64 to 443.84. Volume came to 150m shares, against last Friday's 210m.

Ikegai Iron Works advanced Y14 to Y267 and Okuma Machinery Works Y12 to Y395 on increased demand for machine tools, while other Machineries also strengthened.

Elsewhere, Sekisui Prefab climbed Y27 to Y740, Tokyo Electric Power Y35 to Y970, Kyoto Ceramic Y20 to Y3,320 and Casio Y10 to Y730. However, Honda Motors declined Y10 to Y569 and TDK Y20 to Y1,770.

Paris

Helped by institutional buying, stocks mostly gained ground in fairly quiet trading.

Brokers said investors were influenced to a certain extent by a Bank of France report stating that industrial output had been stronger in France in May than in April. Also aiding sentiment was a cut in the Call Money rate to 7¾ per cent from 8 per cent.

Oils led the market higher, with Elf-Aquitaine, which on Friday reported finding traces of oil in South West France, advancing FFr 41 to FFr 751.

Portfolios, Foods, Metals and Chemicals were also favoured, but declines predominated among Constructions, Banks, Stores and Electricals.

BSN Gervais Danone rose FFr 20 to FFr 645, Creusot Loire FFr 4.5 to FFr 60.5, Michelin "B" FFr 30 to FFr 993 and Cie Bancaire FFr 8.5 to FFr 401.5.

Germany

The market, after last week's good showing, closed mixed to lower following a moderate business.

Some dealers attributed the negative market mood partly to a statement by West Germany's Economics Minister, Otto Graf Lambsdorff, in which he said a further 20 per cent rise in oil prices was possible.

In Engineerings, Demag lost DM 5, KHD DM 2.50 and Mannesmann DM 1, while among Chemicals, Hoechst receded DM 1.30 and BASF DM 1.20.

Motors had BMW down DM 1.50 and Volkswagen off DM 1.10, while in Banks, Dresdner declined DM 1.10 but Deutsche gained 50 pfennigs. Karstadt fell DM 8 and Kaufhof DM 5 in the Stores sector.

Public Authority Bonds were mixed, showing gains of up to 25 pfennigs and losses extending to 30 pfennigs. The Bundesbank sold DM 29.8m nominal of paper after sales of DM 103m last Friday. Mark Foreign Loans were steady to firmer.

Australia

Markets were closed yesterday for the Queen's Birthday holiday.

Hong Kong

The market partially reacted after an initial fresh rise, leaving the Hang Seng index only 2.43 higher on the day at 546.22 following moderate trading.

Properties gained strongly in the morning ahead of the Tsim Sha Tsui East land auction, but came off the top in late trading despite the positive result of the auction.

HK Land gained 5 cents to HK$7.15, Cheung Kong 20 cents to HK$11.40, SHK Properties 10 cents to HK$9.90 and Associated Hotels 5 cents to HK$2.90. Tai Cheung were 2 cents firmer at HK$1.53 ahead of news of higher final dividend and profits.

Among the leaders, HK Bank lost 10 cents to HK$13.00 and Wheelock "A" 2.5 cents to HK$3.325, but HK Wharf rose HK$1.00 to HK$34.25 on land auction sentiment, while Hutchison Whampoa put on 7.5 cents to HK$4.425.

Elsewhere, Hang Seng Bank added HK$1.00 at HK$75.50, Green Island Cement 25 cents at HK$33.00 and Hong Kong Telephone 20 cents at HK$23.90.

Johannesburg

Gold shares eased in places, affected by lower bullion prices, but some issues improved.

Diamond leader De Beers shed 5 cents to R8.30 on London selling. Coppers were basically unchanged, while Platinums were quietly mixed. Implats gained 5 cents to R4.15.

Industrials were mixed to easier in subdued trading.

The Johannesburg closing share price list was unavailable yesterday due to computer problems at the exchange.

Switzerland

Stock prices were mixed but with a better undertone on a rather low volume.

The dollar's fluctuations left the exchange rather confused, one dealer said, and robbed it of the chance to close a bit higher. "If the dollar steadies," he said, "the market will pick up."

Union Bank advanced SwFr 20 to SwFr 3,135, Zurich Insurance SwFr 325 to SwFr 12,575, but Aluminium declined SwFr 5 to SwFr 1,240 and Giba Geigy SwFr 5 to SwFr 1,265.

Milan

Shares closed firmer-inclined in more active Settlement Day trading.

Covering operations took prices higher in active trading in the first part of the session, but sales dominated the last hour of trading.

Carlo, Erba, IBP and Eridania closed substantially higher. IBP climbed to L4,850 from Friday's L4,230 and Erba was up to L1,800 from L1,737.

Fiat, however, was affected by heavy sales, and closed at L2,649, down from L2,657.

Invest held firm and didn't react to the company's decision to take over Fingest from Montedison.

Amsterdam

Bourse prices were narrowly mixed after slow trading.

A lower U.S. dollar fixing caused most Dutch Internationals to ease a little, but Hoogovens gained Fl 0.40.

Shippings reacted after last week's rise, with KNSM losing Fl 1.50.

Banks were generally lower, Algemene Bank Nederland shedding Fl 1, but Insurances improved.

Elsewhere, Elsevier was a weak spot, retreating 12 to Fl 260, but Ennia put on Fl 1.50 and Amev Fl 1.30.

Brussels

Market was predominantly lower in quiet trading, although among oils. Petrofina moved ahead BFr 65 to BFr 4,725, while elsewhere, Solvay increased BFr 25 to BFr 2,645.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	June 18	June 15
Abbott Labs	33⅞	33¾
AM International	15¾	15¾
Adobe Oil & Gas	27¾	27½
Aetna Life & Ca.	51¾	51⅞
Air Products	30	30⅛
Alcan Aluminium	36⅝	36
Alcoa	55¼	55⅝
Alleg. Ludlum	19¼	19½
Control Data	38	38⅜
Cooper Indus.	54½	54¼
Corning Glass	57⅛	57⅝
CPC Int'rnation'l	60½	60¾
Crane Co.	29¾	30
Crocker Natl	29	28⅞
Crown Zellerb'h.	35¾	36
Cummins Engine	35⅞	35½
Curtiss Wright	16	16
Dana	26¼	26½
Compugraphic	38⅞	38⅝
ComputerScienc	11¼	11¼
Conn Life Ins.	35⅞	35¾
Conrac	14⅞	14⅞
Con. Edison NY	24⅛	24⅞
Consol Foods	22⅝	22⅝
Consol Nat. Gas	39⅝	39⅞
Consumer Power	21⅝	21⅞
ContinentalGr'up	29⅛	29¼
Continental Oil	36¾	37
Continental Tele	16⅛	16⅜
Johns Manville	24	23⅞
Johnson Johnson	71¾	72¼
Johnson Control	28	27¾
Joy Manufacturg	34⅝	34⅝
K. Mart	27¼	27¼
Kaiser Alumini'm	20¼	20¼
Kaiser Industries	2	2
Kaiser Steel	35	35⅝
Kaneb Services	17⅛	16⅝
Kay	15⅝	15⅞
Kennecott	22⅛	25¼
Intl. Flavour	20⅛	20⅛
Intl. Harvester	39	39
Intl. Min & Chem	47⅜	47⅞
Intl. Multifoods	19¾	19¾
Inco	20⅛	20⅜
Intl. Paper	44¼	44⅞
Intl. Rectifier	13½	13⅝
Intl. Tel & Tel.	29¼	29½
Iowa Beef	20⅛	21⅛
IU International	13	13⅛
Jim Walter	31¼	31
PPG Industries	28¾	
Procter Gamble	78½	78⅛
Pub. Serv. Elec.	21⅝	21¾
Pullman	29⅞	30⅛
Purex	16⅛	15¾
Quaker Oats	25⅝	24
Rapid American	17⅞	17⅛
Raytheon	48⅞	49⅞
RCA	25	24⅞
Republic Steel	27½	27⅛
Resorts Intl.	43½	44½
Revlon	46⅛	46¾
Reynolds Metals	34⅝	34¾
Reynolds (R.J.)	56½	56⅜
Rich'son Merrell	20¾	21
Rockwell Inter.	39½	39½
Rohm & Haas	37⅛	37
Royal Dutch	69	69
RTE	11¼	11⅛
Ross Togs	10½	10¼
Ryder System	20⅜	20⅜
Wagreen	25⅝	25
Wallace-Murray	23¾	23¾
Warner-Commn.	34⅛	34¾
Warner-Lambert	23¾	24⅛
Waste-Man'ment	32⅝	32⅝
Wells-Fargo	27¾	27½
Western Bancorp	28¾	28⅝
Western N-Amer.	35½	35¼
Western Union	21⅛	22⅝
W'stinghse Elec.	18⅛	18⅛
Weyerhaeuser	28¾	29⅛
Whirlpool	21	20⅝
White Con. Ind.	26⅛	26
Williams Co.	19¼	19½
Wsconsin Elect.	26½	26¼
Woolworth	27	26⅛
Wyly	5⅞	6¼
Xerox	61¼	62
Zapata	18⅝	18⅞
Zenith Radio	12⅝	12⅞
U.S. Treas.4% '80	†96⅛	†96⅛
USTreas4¼%75/85	†85¼	†85¼
U.S. 90-day bills.	8.95%	915

CANADA

Stock	June 18	June 15
Texaco Canada	71¼	70¼
Toronto Dom.Bk.	21¾	21½
TransCanPipeLn	23⅞	24
TransMount Pipe	10⅞	10⅝
Trizec	19½	20½
Union Gas	11⅛	11⅛
UntdSiscoe Mnes	9¼	9⅛
Walker Hiram	42⅝	43
West Coast Trans	15¾	15⅝
Weston (Geo.)	25½	25¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ◆

June 18	Price DM.	+ or —	Div. %	Yld. %
AEG	52.9	+0.6	—	—
AllianzVersich.	440	+5	31.2	3.6
BMW	202.0	—1.5	28.12	6.9
BASF	134.8	—1.2	18.76	6.9
Bayer	133.8	—1.0	18.75	7.0
Bayer.Hypo	244.0	—2.5	28.12	5.6
Bay. Vereinsbk.	265.0xd	—2.5	28.12	5.5
Commerzbank	191.8	—0.5	26.56	6.8

TOKYO ¶

June 18	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	342	+1	14	2.0
Canon	553	+3	12	1.1
Casio	730	+10	25	1.7
Chinon	350	—1	20	2.9
Dai NipponPrint	557	—2	18	1.6
Fuji Photo	618		15	1.2
Hitachi	241	+1	12	2.5
Honda Motors	569	—10	18	1.6
House Food	850		35	2.1

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.344.20	5	3	—	—	—	—	F.342
ABN	C	F.354.20	—	—	2	4.50	—	—	"
ABN	C	F.374.20	—	—	9	0.50	—	8	"
AKZ	C	F.27.50	25	1.60	—	—	—	—	F.26.80
AKZ	P	F.32.50	—	—	—	—	10	4	"
EK	C	$60	8	⅜	—	—	—	—	$57⅛
HO	C	F.30	3	1	—	—	—	—	F.30.60
HO	C	F.32.50	—	—	10	1.30	—	—	"
IBM	C	$70	6	5¼	—	—	—	—	$76
IBM	C	$75	25	1¾	34	3⅝	2	5⅛	"
IBM	C	$80	8	⅜	4	1⅞	—	—	"
KLM	C	F.100	295	2.40	51	4.50	6	6.20	F.98.60
KLM	C	F.110	96	0.40	10	1.70	—	—	"
KLM	C	F.130	—	—	10	0.40	—	—	"
KLM	P	F.100	138	2.50	101	7.70	—	—	"
KLM	P	F.110	53	11	27	15.90	30	15	"
KLM	P	F.120	4	21	—	—	—	—	"
NN	C	F.100	—	—	—	—	10	8.50	F.105.40
NN	C	F.110	—	—	5	2	—	—	"
PET	C	Fr.4400	—	—	—	—	5	650	Fr.4725
PET	C	Fr.4600	1	230	4	390	—	—	"
PET	C	Fr.4800		—	4	290	5	440	"
PET	C	Fr.5000	—	—	7	210	5	285	"
PHI	C	F.25	38	0.30	46	0.90	10	1.40	F.23.60
PHI	C	F.27.50	—	—	—	—	10	0.70	"
PHI	P	F.22.50	—	—	—	—	20	0.40	"
PHI	P	F.25	—	—	30	1.60	7	1.60	"
PHI	P	F.27.50	—	—	2	4	—	—	"
PRD	C	$35	—	—	10	1¾	—	—	$32¼
RD	C	F.130	2	13.20	—	—	—	—	F.143.30
RD	C	F.135	1	8.50	—	—	—	—	"
RD	C	F.140	2	4.20	14	5.80	—	—	"
RD	C	F.145	2	1.50	21	2.80	14	3.80	"
UNI	C	F.125	—	—	16	2.60	—	—	F.122.50
			Aug.		Nov.		Feb.		
BAZ	C	$45	—	—	5	2⅛	—	—	$43⅛

TOTAL VOLUME IN CONTRACTS 1247

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	12 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	15 %
Shenley Trust	14 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Indices

Financial Rand U.S.$0.91¼ (Discount of 32¼%)

هكذا من الأصل

EEC urges rise in food aid

...a Correspondent

...USSELS—The EEC Commis... yesterday announced a 28 ...cent increase in international food aid contributions ...called for immediate in...ses from other donor ...ons.

...e Community, which ...tes the food from surplus ... agricultural stocks and ... individual member states, ...ising its food aid under the ...rnational Food Aid Conven... to 1.65m tonnes of grain ...1979-80 from 1.29m tonnes.

...rst set up in 1971 to help ...loping nations, the conven... will be renegotiated from ...25 in London and the Com...ion is urging larger contri...ns from donor countries. ...old accord expires on ...30 and should be replaced ...a new agreement at the ...nning of July.

...stress its call for larger ...tions the Commission ...ted out that both the U.S. ...Sweden intend to raise their ...idual contributions inde...ently of any new food aid ...d that may be reached.

...also urged donor nations ...o delay increasing their aid ...a new International Wheat ...ement is reached.

Another big Spanish olive oil crop

...ASHINGTON — THE U.S. ...ulture Department said ...t appears to be heading for ...er good olive oil crop in ...1979-80 season, and output ...be about the same level ...e 500,000 tonnes produced ...e 1978-79 season.

...its round-up of world pro...on and trade developments, ...USDA said this should be ...ff-year for production, but ...tic conditions have been ...ted as ideal. Such a crop ...l put additional pressure ...he olive oil stock level, ...l already stands at a ...d.

...ve oil stocks could reach ...y 300,000 tonnes soon after ...nber 1 and the storage ...of the Spanish Farm Com...y and Price Stabilisation ...y would be fully utilised ...the new-crop oil arrives, ...SDA said.

Le Nickel cuts prices

BY JOHN EDWARDS, COMMODITIES EDITOR

LE NICKEL, the French-based group, confirmed yesterday that it was cutting its world price for nickel to bring it back into line with other producers. The cost of its eletrolytic nickel has been reduced by 20 cents to $3 a lb and there are similar reductions for other nickel products. Earlier this month Le Nickel raised its prices by 35 cents a lb expecting other producers to follow as a result of the scarcity of supplies caused by the nine-month-old strike at International Nickel's Sudbury mines.

However, International Nickel decided to put up its prices by only 15 cents and other leading producers following the more modest increase leaving Le Nickel out on a limb. It was, therefore, considered virtually inevitable that Le Nickel would have to bring down its price but it was thought the group might delay rather longer to judge the market trend.

The fact that Le Nickel have acted so quickly to come into line depressed values on the London Metal Exchange nickel futures market yesterday. Three months nickel lost £180 to close at £2,870 a tonne, well below the current official producer price of £3,225.

The decline in nickel was encouraged as well by a general downward trend in base metals. Cash lead fell by £32 to £669.5 a tonne, as a result of freer offerings of supplies and speculative selling. Ironically the decline came just prior to the U.S. producer, Bunker Hill, announcing a further rise in its domestic producer price of 2 cents to 60 cents a lb—"the highest ever charged by a U.S. lead producer," according to a company spokesman. Copper also lost ground. Cash wirebars closed £13 lower at £885.5 a tonne. The market was depressed by continued speculative selling in New York and lack of consumer buying interest.

Reuter reported from Santiago that the Chilean State Corporation, Codelco, has agreed to meet representatives of the mineworkers' union this week to open talks on a wage claim. This could lead to some nervousness later on if a strike is threatened.

In Toronto Sherritt-Gordon Mines said it had reached tentative agreement to end the strike which started on June 1 at its copper and zinc mines.

News of a cutback in deliveries by Alcan stopped a slide in aluminium prices, but cash aluminium closed £18.5 lower at £759 a tonne.

Cash tin gained ground, widening its premium over the three months quotation, despite a bigger than expected rise in LME warehouse stocks. Tin stocks rose by 245 to 2,335 tonnes.

U.S. sales plan hits sugar

BY OUR COMMODITIES STAFF

WORLD SUGAR values fell back yesterday following an announcement by the U.S. Department of Agriculture that it is planning a sales policy to dispose of 1977 and 1978 crop surplus sugar held by the Commodity Credit Corporation.

On the London futures market, the October position lost £2.05 to close at £109.95 a tonne.

Even though the department stressed that the sugar would be sold back to the domestic market "on an orderly basis," it was felt by traders that any sales by the CCC would reduce U.S. imports from the world markets, reports Reuter. The sugar held by the Credit Corporation is surplus U.S. production bought to maintain prices to domestic growers.

An interim loan programme for the 1979 crop at 13 cents a pound is to be set up, pending legislation still being considered by Congress for a support price of 15.5 cents.

Bob Bergland, U.S. Agriculture Secretary, said CCC-owned sugar will be offered for sale at not less than 105 per cent of the national average loan rate, plus reasonable carrying charges, beginning on July 1. Sugar that appeared to be in danger of going out of condition will be sold at the market price, he added.

"Our goal is to sell all the 1977 and 1978 crop sugar over the next 15 months at a price compatible with our market price objective," Mr. Bergland said.

Meanwhile, the International Sugar Council has approved statistics indicating a calculated surplus in the free market in 1979 of 258,000 tonnes.

An International Sugar Organisation spokesman said this was the excess of ISO quotas at their minimum level along with exports from non-members of the sugar pact and other special ISO quotas over estimated free market requirements this year of 17.63m tonnes.

This calculation takes account of estimated non-member exports of 4.44m tonnes.

Setbacks for Guyana bauxite

BY OUR GEORGETOWN CORRESPONDENT

THE GUYANA mining enterprise (Guymine) recently reported two mishaps which will inevitably have a temporary effect on output.

A new mine, the East Montgomery, opened at a cost of £20m, suffered a landslide days after it became active, and tonnes of salt were dumped on 80,000 tonnes of bauxite ore exposed for mining.

Then a conveyor system at the Alumina plant broke down under load, leaving the plant idle. It will take another two weeks to bring the new mine and the alumina plant back into operation.

Meanwhile the sugar industry has taken a first (spring) crop beating from three months of steady rainfall, causing it to trail 30 per cent behind its crop target of 157,078 tonnes. The crop has just closed with an output of 110,300 tonnes.

The rainfall had an adverse effect on yield of sugar from the canes, transportation, tillage, and will cause reduced yield in the next crop cycle.

The Guyana Sugar Corporation (Guysuco) is still optimistic, however, that, with an early start to its second (autumn) crop, it can still make the 1979 target of 360,000 tonnes (compared with 325,000 tonnes last year).

Coffee down as frost fears ease

BY RICHARD MOONEY

COFFEE FUTURES prices on the London market continued Friday's sell-off yesterday following a weekend of rising temperatures in Brazil.

As traders discounted the possibility of another damaging frost in the immediate future the September position lost another £58 to end the day at £1,960.5 a tonne—£124 below the peak last Thursday.

Since frost hit the Brazilian coffee crop at the end of last month, wiping out an estimated 20 per cent of the 1980-1981 crop, frequent bouts of cold weather have kept the world market in a highly nervous state.

But temperatures rose gradually over the weekend and the Brazilian National Weather Department said yesterday that the rise was expected to continue at least until this morning.

The fall in cocoa futures prices also continued yesterday with the September position closing £39.5 down at £1,648 a tonne.

Nervousness about the political situation in Ghana, aggravated by the executions at the weekend, encouraged a firm tone in early trading.

But trade reports that declarations against two Ghana cocoa shipments, totalling between 2,000 and 3,000 tonnes, had been received in Japan and Australia later helped to allay fears that cocoa exports could be seriously delayed.

Traders also said hopes of an early return to civilian rule helped the decline.

Thai tapioca mission to visit EEC

BANGKOK—A Thai trade mission will visit the EEC early next week to find solutions to problems arising from the export of tapioca to the community, Commerce Minister, O. B. Vasurat, said here.

Thailand's Board of Trade said the country this year would have 4.58m tonnes of tapioca products available for export, out of which 2.1m tonnes were shipped overseas in the first four months of 1979.

Thai tapioca exports, one of the country's main foreign exchange earners, reached 6.2m tonnes last year, 70 per cent going to the EEC.

WEST GERMANY

Change of mood over farm policy crisis

BY JONATHAN CARR IN BONN

FOR WEST GERMANY it was a rather unusual occasion. Politicians, academics, representatives of the European Commission, farmers and journalists had all been brought together under one roof to discuss a single problem—the future of the European Common Agriculture Policy (CAP). Each group is more than used to delivering its own, often heated, remarks about the CAP. At the university of Stuttgart-Hohenheim this month all had the chance simultaneously to support or challenge one another.

That such a meeting took place at all indicates a change of mood on the CAP in West Germany. Apart from occasional eruptions of outrage by Chancellor Helmut Schmidt at the "massive misguidance of economic resources" of the CAP, there has long been a feeling here that farming affairs are best left to farmers (or, more precisely, to their representatives). The CAP was simply accepted as a "cornerstone of the European Community"—at first a cross borne for the sake of good relations with France, later (with some surprise) as a policy which benefited German farmers too.

The Stuttgart symposium showed there is now widespread recognition that the CAP faces a crisis and that strong measures will be needed to avert it. That even goes in large measure for the meeting's most notable participant, Herr Josef Ertl, the Federal Agriculture Minister. No one questioned the view that if the bill for surplus production continued to increase available finance for the CAP would run out at the latest in 1981. And no one had any confidence that governments would then vote more cash to prevent the Policy from collapsing.

There was little disposal to try to defend the CAP simply because total expenditure on it was only a tiny fraction of the Community's gross national product. "My income is an even smaller percentage of GNP but that doesn't mean I am efficient," snapped Professor U. Koester of Kiel University. Nor was there finally much apparent belief that a change from unanimity to majority decision-making in the Council of Ministers could of itself bring the reform breakthrough desired. Dr. Guido Brunner, a member of the Brussels commission, made a pointed warning against wishful thinking—which seemed generally to be taken to heart.

There were repeated interventions which would have pleased many British ears—more use of price policy to curb the surplus problem, greater emphasis on market forces and so on. But a change to a British-style deficiency payments system was held by most to be far too costly. In one notable address, Dr. Carl Dobler, vice-president of the German Farmers Association, strongly supported introduction of quotas for some surplus products.

In another, Professor Stefan Tangermann of Frankfurt University said German agricultural policy had partly delayed necessary structural change through far too generalised farm investment promotion. If some farm investment, even with current high agricultural prices, did not pay without State support, then it was certainly senseless and should be dropped.

In general policy terms, Herr Ertl made two points worth underlining even at a moment when more voices seem to be emerging in favour of CAP reform. He stressed the need for a high level of food self-sufficiency for Europe, linking this to the clear dangers resulting from dependence on overseas supplies of energy. Secondly, he underlined the contribution of agriculture to maintaining social structures and a landscape which helped to make Europe worth living in.

Neither point meant there was not a serious problem—in the milk sector, above all. He felt the following mix of measures should be adopted to deal with this. First a "cautious" price policy should be pursued. It was learned this meant a small, nominal increase for 1979 which would be accompanied by reduction of monetary compensatory amounts in hard currency countries, i.e. Germany.

He also supported an increase in the levy on producers of milk surpluses (differentiated to hit big producers hardest), further premium payments for non-marketing of milk and for switching from milk to meat production, and a continuation of cheap butter sales. Privately, he had friendly words for Britain's new Agriculture Minister, Mr. Peter Walker, and he appeared ready to agree that there was a special case to be made for New Zealand produce in the EEC, and in future.

All that adds up not to a magic formula but to what looks like a reasonable discussion basis with the British, provided, that is, there is no overt pressure for direct steps which would actually reduce German farmers' incomes. Such pressure would unite even doubters about the CAP in the Bonn Cabinet against those who tried to apply it.

West German farmers to pay more tax

WEST GERMANY'S farming community will have to pay more income tax once an agreement reached yesterday by ministers in Bonn becomes law, writes Jonathan Carr. But thanks not least to a powerful struggle carried on for months by the Agriculture Minister, Herr Josef Ertl, the final additional tax bill for farmers will be much smaller than once seemed possible.

The accord was reached at a special meeting between Herr Ertl, the Finance Minister Herr Hans Matthoefer, and the Justice Minister, Herr Hans Jochen Vogel, under the chairmanship of Chancellor Helmut Schmidt.

The agreement envisages tougher regulations so that many more farmers than at present will have to keep accounts and their tax liability can thus be more precisely assessed. But simultaneously the tax-free element of farmers' incomes will be increased. The upshot is that only about DM200m extra in tax revenue will be raised annually—instead of more than DM1bn once thought possible by enthusiastic finance ministry experts.

...ITISH COMMODITY MARKETS

...SE METALS

...ER—Lost ground on the London ...Exchange. Forward metal opened ...£908 and edged up to £911 in ...trading, reflecting modest trade ... This level brought out profit... and the price dipped to the ...low of £897. In the afternoon a ...veloped and forward metal rose ...h £906 before ending the late ...£904. Turnover: 28,825 tonnes.

...R	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
...rs				
...	896-7	—9	885-6	—15
...s.	907-.5	—9	898.5-9	—10.5
...nt	897	—9	—	......
...es				
...	865-6	—4	856-8	—7
...s.	888-9	—6	880-1	—6.25
...nt	866	—4	—	......
...t.	—	......	*81.58-8.88	......

...gamated Metal Trading reported ...the morning cash wirebars ...at £896, 96.5, three months £906, ...5.5, 5, 6, 7.5, 8, 8.5, 8, 7, 6.5, ...7.5. Cathodes, cash £864, 65, ...onths £888, 87. Kerb: Wirebars, ...onths £905, 4, 3, 2, 1, 900, 899. ...on: Wirebars, cash £886, three ...£897, 98, 97, 902, 1, 900, 899. ...es, cash £859, three months ... Kerb: Standard, three months ...1, 5, 6, 5, 3.

...—Easier for forward metal, as ...reports of U.S. and European ...l demand widened the back...ion to £480 despite a rise in ... Forward material opened around £7,070 and fell back to a low of £7,025 owing to the weakness of other metals. However, the physical business prompted a rise in forward metal which lifted to close the late Kerb at £7,070. Turnover: 1,225 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7450-70	—52.5	7510-30	+25
3 months	7055-75	—45	7060-75	—57.5
Settlem't	7470	—25	—	......
Standard				
Cash	7450-70	—52.5	7510-30	+15
3 months	7035-40	—50	7040-5	—30
Settlem't	7470	—25	—	......
Straits. E.	‡$1990	—15	—	......
New York	—	......	—	......

Morning: Standard, cash £7,450, three months £7,030, 40, 35, 30, 35. High Grade, cash £7,450. Kerb: Standard, three months £7,030. Afternoon: Standard, cash £7,520, three months £7,033, 40, 35, 40, 45. Kerb: Standard, three months £7,060, 70.

LEAD—Lost ground following an unexpected rise in warehouse stocks which prompted freer offerings of cash material and narrowed the backwardation to around £50. After opening around the £635 level forward metal fell away to £614 in the afternoon before closing the late Kerb at £617.5. Turnover: 8,200 tonnes.

Morning: Cash £676, 72, 70 three months £626, 26.5, 26, 23, 22, 21, 20, 19, 18, 19, 20, 17. Kerb: Three months £616, 17, 18, 15. Afternoon: Cash £671, three months £615, 14, 16, 17, 19, 20, 21, 22, 20, 19. Kerb: Three months £619, 21, 20, 18, 17.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	669-71	—38.5	669-70	—32
3 months	617-8	—25	618-9	—20.5
Sett'ment	671	—38	—	......
U.S. Spot	—	......	*54-8	......

ZINC—Held steady reflecting a decline in stocks and reports of trade support. Forward metal was quoted at £370 to £372 on the pre-market and eased marginally to £368 before rallying to close the late Kerb at £372.5. Turnover: 2,125 tonnes.

Morning: Three months £372, 71, 70, 69. Afternoon: Three months £370, 71. Kerb: Cash £358.5, three months £373, 71.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-7	—4	357-8	—2.5
3 months	368.5-9.5	—5.5	371-.5	—1.5
S'ment	357	—4	—	......
Prim.west	—	......	*59.5	......

ALUMINIUM — Sharply lower as speculative and stop-loss selling depressed forward metal from £775 on the early pre-market to the day's low of £756 in the morning rings. In the afternoon the price recovered on bear closing to close the late Kerb at £764. Turnover: 6,100 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	753-5	—15	758-60	—18.5
3 months	765-6	—16	762-3	—14

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £773, 74, 70 69, 68, 67, 65, 66. Kerb: Three months £763, 60, 56, 60. Afternoon: Cash £758, three months £757, 58, 59, 60, 59, 58, 59, 60, 61. Kerb: Three months £764, 66, 65.

NICKEL—Fell heavily following news that Le Nickel had lowered prices to match those charged by other producers. Forward metal opened around £3,050 and fell sharply to the day's low of £2 860 as general selling triggered stop-loss selling. Turnover: 1,464 tonnes.

NICKEL	a.m Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	2930-40	—122	2865-75	—180

Morning: Three months £3,000, 2,980, 95, 90, 50, 40, 20, 2,900, 10, 20, 30, 40, 30, 25, 35, late-July £2,950. Kerb: Three months £2,950 40, 30, 40, 45. Afternoon: Three months £2,950, 45, 40, 10, 2,900, 2,895, 90, 85, 80, 70, 80, 75. Kerb: Three months £2,880, 70, 75, 70, 60, 70.

SILVER

LME—Turnover 180 (128) lots of 10,000 ozs. Morning: three months 415, 14.6, 14.8, 13.7, 13.9, 14. Kerbs: Untraded. Afternoon: three months 408.8, 9.5, 9.3, 9.1, 9.2, 10.4, 10.5, 10.8, 10.6. Kerbs: Three months 410.8, 10.7, 10.5.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	402.7p	—0.7	398.6p	—4.7
3 months	414.5p	—1.45	410.55p	—4.20
6 months	424.80p	—0.55	—	......
12 months	446.00p	+1.0	—	......

Silver was fixed 0.7p an ounce lower for spot delivery in the London bullion market yesterday at 402.7. U.S. equivalents of the fixing levels were: spot 848.10c, up 0.1c; three-month 866.1c, up 0.1c; six-month 883.2c, unchanged; and 917.8c, up 3.0c. The metal opened at 403½-404½p (849-851c) and closed at 398½-399½p (840-842c).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.40-£4.80; Codlings £3.00-£3.70; Large haddock £4.80, medium £4.0-£4.70, small £2.20-£3.60; large, medium plaice £3.80-£4.20 best small £2.80-£3.60; Large skinned dogfish £9.00, medium £5.50; Lemon soles £2.60-£3.00; Rockfish £2.80-£3.20; Saithe £2.20-£2.60.

COCOA

Initially steadier levels eased sharply on profit-taking liquidations and closed at the lows of the day, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1620-1621	—48.0	1664-1620
Sept	1647-1649	—38.5	1692-1646
Dec	1703-1705	—48.0	1760-1701
March	1720-1722	—40.0	1760-1720
May	1736-1758	—56.5	1780-1739
July	1747-1751	—55.5	1770-1765
Sep	1760-1763	—40.0	1780

International Cocoa Organisation (U.S. cents per pound): Daily price June 15: 153.48 (156.42). Indicator prices for June 18: 15-day average 157.78 (157.74); 22-day average 156.70 (156.27).

Sales: 2,221 (2,833).

COFFEE

Robustas opened sharply lower to keep in line with the New York "C" contract market, reports Drexel Burnham Lambert. Early selling which was prolonged into the afternoon session prompted an easier tone to the day's proceedings as a chart retracement became evident throughout. Values recovered slightly from the lows of the day to finish £51.5 to £61.5 down from Friday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1975-80	—55.5	2009-1980
September	1959-62	—58.0	1980-60
November	1955-58	—58.5	1979-48
January	1958-60	—61.0	1976-52
March	1950-55	—51.5	1965-40
May	1946-50	—64.0	1255-50
July	1930-50	—61.5	—

Sales: 5,109 (10,127) lots of 5 tonnes.

ICS indicator prices for June 15 (U.S. cents per pound): Other Mild Arabicas 195.17 (201.17); Robustas ICA 1976 195.00 (199.00); ICA 1968 195.50 (200.34); Colombian Mild Arabicas 200.00 (205.00); Unwashed Arabicas 200.00 (203.00). Comp. daily ICA 1968 197.70 (201.86).

GRAINS

The market opened unchanged and values eased initially on hedge selling to close 25p lower at lunch. In the afternoon session values increased in good trading conditions on commercial buying interest to close steady 5p lower on November wheat to 25p up and 10-25p higher on barley, Acli reported.

WHEAT M'nth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	93.90	+0.25	88.30	+0.25
Nov.	97.25	+0.05	92.15	+0.15
Jan.	101.30	+0.05	96.20	+0.10
Mar.	104.60	—0.10	99.50	+0.10
May	108.05	—0.10	103.00	+0.10

Business done—Wheat: Sept. 93.80-93.35, Nov. 97.35-96.90, Jan. 101.30-100.85, March 104.70-104.35, May 108.05-107.85. Sales 264. Barley: Sept. 88.30-87.45, Nov. 92.10-91.70, Jan. 96.20-95.75, March 99.50-99.10, May 103.00-102.85. Sales 318.

HGCA—Location ex-farm spot prices. Feed barley: Cambridge 93.00.

The UK monetary coefficient for the week beginning June 25 is expected to decrease to 1.168.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June 101.50, July 101.75, Aug. 102.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French June/July 111, transhipment East Coast. South African White unquoted. South African Yellow Aug. 82.00 nominal. Barley: English feed fob Oct./Dec. 93.50, Jan./March 100, East Coast.

EEC IMPORT LEVIES—The following levies and premiums effective are for June 19 in order current levy plus July August and September premiums, with previous in brackets. All in units of account per tonne. Common wheat: 76.57, rest nil (79.52, rest nil). Durum wheat: 131.97, rest nil (134.12, rest nil). Rye: 96.00, rest nil (96.00, rest nil). Barley: 92.24, rest nil (93.77, rest nil). Oats: 91.87, rest nil (93.41, rest nil). Maize (other than hybrid for seeding): 82.59, rest nil (84.13, rest nil). Buckwheat: 6.98, rest nil (6.98, rest nil). Millet: 74.34, rest nil (82.77, rest nil). Grain sorghum: 88.90, rest nil (91.20, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 121.97 (128.10). Rye flour: 149.17 (149.17).

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 294 (305) cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	65.00-65.80	66.00-66.20	65.50
Aug.	66.10-66.55	66.75-66.90	66.35
Jy-Sept.	66.20-66.50	66.80-67.05	66.50-66.25
Oct-Dec	68.60-68.70	69.15-69.20	69.00-68.20
Jan-Mar	70.70-70.75	71.25-71.35	70.75-70.20
Apr-Jne	72.80-72.90	73.35-73.40	72.90-72.55
Jy-Sept.	74.85-75.10	75.50-75.55	—
Oct-Dec	77.05-77.15	77.55-77.70	—
Jan-Mar.	79.15-79.20	79.70-79.75	79.70-79.55

Sales: 283 (481) at 15 tonnes.

Physical closing prices (buyer) were: Spot 64.25p (65.00); July 69.25p (69.00); August 68.50 (69.00).

SOYABEAN MEAL

The market opened strong with gains of £2 on continuing concern over drought in various Soviet growing areas, reports T. G. Roddick. Short covering added to firmness but late in session prices sold off on trade selling as weather reports suggested easing of drought situation.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	129.00-40.8	+6.0	—
August	134.90-36.0	+2.5	135.50-32.20
October	137.10-37.4	+3.5	138.50-37.00
December	138.70-39.0	+1.35	140.00-38.80
February	139.90-40.4	+1.15	141.00-40.00
April	138.00-42.5	+2.5	—
June	139.00-44.0	+5.0	—

Sales: 142 (70) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £101.00 (same) a tonne cif for May-June shipment. White sugar daily price was £106.00 (£107.00).

Scattered sell-at-best orders caused prices to trade initially some 50/75 points below pre-weekend levels, but the market soon recovered. Later, however, losses of some 100 points quickly occurred following a statement by the USDA that a sales policy to release sugar forfeited to the CCC under the 1977 and 1978 loan programme was being developed. Final quotations were around the lows of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	105.85-05.90	107.55-07.70	107.50-05.75
Oct.	109.90-10.00	111.95-12.05	112.00-09.75
Dec.	114.05-14.10	116.00-16.10	116.00-13.80
March	119.25-19.50	121.25-21.40	121.00-19.25
May	122.10-22.25	123.85-23.95	123.25-22.00
Aug.	126.35-25.55	127.25-27.50	—
Oct.	129.00-29.50	130.75-30.80	—

Sales: 1,303 (1,274) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and 170.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 15: Daily price 8.12 (8.18); 15-day average 7.94 (7.92).

White Sugar—Close (in order buyer, seller, business, sales). Sept. 109.00, 109.25, 109.25-109.00, 40; Nov. 112.30, 112.50, 113.25-112.25, 23; Feb. 119.40, 119.50, 120.25-119.50, 8; April 122.25, 122.50, nil, nil; July 126.25, 128.50, nil, nil; Sept. 129.25, 130.75, nil, nil; Nov. 132.25, 134.75, nil, nil.

WOOL FUTURES

London Greasy—Close (in order buyer, seller only). July 218.0, 28.0; Oct. 218.0, 33.0; Dec. 218.0, 38.0; March, May, July Oct., Dec. 228.0, 38.0.

New Zealand Crossbreds—Close (in order buyer, seller only). July 194.0, 196.0; Oct. 195.0, 198.0; Dec. 198.0, 200.0; March 198.0, 200.0; May 199.0, 200.0; July 199.0, 200.0; Oct. 200.0, 202.0; Dec. 202.0, 203.0.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 18 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710
Free Mkt (cs)	$1555/75	......	$1,585/75
Copper			
Cash w'bar	£885.5	—13	£929.25
3 mth	£896.75	—10.5	£940.75
Cash Cathode	£858.5	—7	£910
3 mth	£880.5	—6.25	£926.75
Gold troy oz.	$278.125	—0.75	$265.875
Lead cash	£669.5	—32	£612
3 mth	£618.5	—20.5	£581.5
Nickel	£3225.4	......	£2,728.75
Freemkt(cif)(lb)	$2.75/300c	......	$215/255c
Platin'm tr'y oz	£171	......	£171
Free mkt	£202.50	—0.50	£218.65
Quicksil'ver	$345/55	......	$325/40
Silver troy oz	402.7p	—0.7	412.9p
3 months	414.5p	—1.45	424.7p
Tin cash	£7,520	+25	£7,453.5
3 mths	£7,042.5	—30	£7,252.5
Tungsten	$137.52	......	$136.8
Wolfrm 22.04 cif	$146/51	......	$138/42
Zinc cash	£359.5	—2.5	£374.5
3 months	£371.25	—1.5	£386.75
Producers	$846	......	$800
Oils			
Coconut (Phil)	$1,070r	......	$1,115
Groundnut	‡	......	‡
Linseed Crude	£389	......	£383
Palm Malayan	$665	......	$664.5
Seeds			
Copra Philip	$710	......	$720
Soyabean (U.S.)	$335.75r	+$11.5	$305.96
Grains			
Barley Futures	£92.15	+0.15	£88.15
Maize			
French No 3 Am	£111t	+0.5	£111.75
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling †	‡	......	£107.5§
Other commodities			
Cocoa ship't	£1,738	—£25	£1,764
Future Sept.	£1,648	—£39.5	£1,668
Coffee Ft'r Sep	£1,960.5	—58.0	£1,527.5
Cotton A'index	77.05c	+0.55	76.15c
Rubber kilo	64.25p	—75	62.75p
Sugar (Raw)	£101.0	......	£97
Wooltp's 64s kl	276p	—2	281p

* Nominal. † New crop. ‡ Unquoted. p August. r July. s July-Aug. t June-July. u June. w Sept. y Nov. z Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales in Liverpool amounted to 290 tonnes. Increased ordering developed without any immediate support coming in particular growths. Many spinners tended to avoid forward commitments, with the forthcoming mill holidays in mind.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 16. GB—Cattle 87.16p per kg liveweight (—0.62). UK—Sheep 175.4p per kg edcw (—9.9). GB—Pigs 58.8p per kg liveweight (+1.2). England and Wales—Cattle numbers down 7.8 per cent, average price 87.00p (—0.96); sheep numbers down 14.4 per cent, average price 175.3p (—9.9); pig numbers down 37.3 per cent, average price 58.7p (+1.3). Scotland—Cattle numbers down 9.3 per cent, average price 87.59p (+0.33); sheep numbers down 52.4 per cent, average price 187.3p (—2.2); pig numbers up 0.8 per cent, average price 61.9p (+0.8).

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 64.0 to 68.0, Eire hindquarters 85.0 to 88.0 forequarters 43.0 to 45.0 Veal: Dutch hinds and ends 98.0 to 101.0. Lamb: English small 64.0 to 78.0, medium 64.0 to 76.0. Pork: English, under 100 lbs 35.0 to 44.0, 100-120 lbs 34.5 to 42.5, 120-160 lbs 34.0 to 41.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cypriot 5.00-6.00; Brazilian: 5.00-5.50; S. African: Navels 4.50-6.10. Lemons—Italian: 100/120s 4.80-5.00; Spania: trays 30/40/45 1.50-2.40; S. African: 4.80-6.20; Brazilian: trays 2.30-2.50. Grapefruit—S. African: 32/64 3.50-4.75; Jaffa: 4.40-4.80. Apples—S. African: Granny Smith 7.40-7.60, White Winter Pearmain 5.00, Starking 5.50-6.00, Golden Delicious 6.50-6.80; New Zealand: Cox's Orange Pippins 6.50-8.00, Sturmers 7.60, Golden Delicious 6.90, Delicious 7.00; Tasmanian: Jonathans 6.20-6.50, Cox's Orange Pippins 6.00-7.00, Golden Delicious 4.00-4.30, Sturmer Pippins 7.20-7.30; W. Australian, Granny Smith 7.20; Victorian, 7.20; Washington: Red Delicious per box 8.00-9.00; French: Golden Delicious 72s 2.30-2.40, 84s 2.10-2.30, jumble pack per pound 0.05-0.09; Italian: Golden Delicious per pound 0.05-0.08. Democrats 0.06, Rome Beauty 0.07; Dutch. Golden Delicious jumble pack 22 lb 1.30-1.40. Pears—S. African: cartons Beurre Bosc 7.00, Packham's 8.20, Nelis 7.00; Victorian, Packham's 8.20, Josephines 8.60-8.80.

English Produce: Potatoes—New crop per pound 0.08, old crop per 25 kg 2.80-3.30. Lettuces—per 12 round 1.00 Cos 1.20-1.30. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley 0.04-0.09 Rhubarb—per pound outdoor 0.03-0.05. Tomatoes—per 12 lb 3.00-3.30 Cucumbers—tray 8/18s 1.70-2.10, prepack 2.20-2.40 Cauliflowers—12s Kent 5.00-5.50, Lincoln 3.00. Spring greens: per crate Kent 1.20-1.30. Asparagus—per pound 0.70-1.00. Celery—boxes 12/30s 4.00-4.80. Strawberries—per ½ lb 0.35-0.40.

AMERICAN MARKETS

NEW YORK, June 18.

A BEARISH report on the CCC attracted heavy Commission House liquidation to close sugar sharply lower. Cocoa finished limit down on aggressive Chartist selling electing Commission House stop loss selling. Precious metals closed lower on local and speculative selling. Coffee finished lower on mixed profit-taking, Bache reported.

Cocoa—July 144.20 (147.95), Sept. 147.95 (151.90), Dec. 152.20, Mar. 154.30, May 156.60, July 156.80, Sept. Nil.

Coffee—July 192.90 (196.74), Sept. 194.97, (198.17), Dec. 192.99, Mar. 191.00, May 189.90, July 188.25, Sept. 186.25.

Copper—June 84.00 (83.40), July 84.10 (83.50), Aug. 84.20, Sept. 84.30, Dec. 84.50, Jan. 84.55, Mar. 84.65, May 84.75, July 84.85, Sept 84.95, Dec. 85.00, Jan. 85.00, Mar. 85.00.

Cotton—No. 2: March 60.75 (6..). July 67.71-68.00 (68.55), Oct. 66.65-66.70 (66.90), Dec. 65.25-65.30 March 65.90-65.95, May 66.35, July 67.25 bid-67.50 asked, Oct. 67.50 bid-67.51 asked, Dec. 66.00 bid-67.00 asked.

*Gold—June 278.10 (270.80), July 279.10 (280.90), Aug. 281.20, Oct. 285.80, Dec. 290.30, Feb. 294.70, Apr. 299.10, June 303.50, Aug. 307.90, Oct. 312.30, Dec. 316.70, Feb. 321.10, Apr. 325.50.

Orange Juice—July 98.70 (98.20), Sept. 96.10 (97.90), Nov. 96.50 (96.75), Jan. 95.50, March 96.35, May 96.95, July 97.55, Sept. 98.10, Nov. 98.40.

*Platinum—June 427.00 (431.00). July 436.30 (430.00), Aug. Nil, Oct. 426.00, Jan. 427.50, Apr. 429.70, July 432.30, Oct. 434.90, Jan. 437.60.

¶Silver—June 840.0 (849.5), July 842.5 (851.5), Aug. 849.9, Sept. 857.2, Dec. 876.1, Jan. 881.7, Mar. 893.0, May 904.3, July 915.6, Sept. 927.0, Dec. 944.8, Jan. 950.5, Mar. 961.9. Handy and Harmann spot 838.50 (846.60).

Sugar—No. 11: July 7.92 (8.27), Sept. 8.30 (8.70), Oct. 8.50, Jan. 9.05, March 9.35, May 9.60, July 9.88 Sept. 10.08, Oct. 10.19.

Tin—Spot 700.00 to 710.00 asked (705.00 to 715.00).

CHICAGO, June 18.

Lard—Chicago loose 26.00 (25.87). New York prime steam 27.50 traded.

Live Cattle—June 71.15 (70.55), Aug. 68.55 (67.62), Oct. 68.40, Dec. 68.70, Jan. 69.00, Feb. 69.95, April 70.97, June 72.35, Aug. 71.25, Oct. 71.00. Sales: 24,894.

Live Hogs—June 43.60 (43.65), July 42.35 (41.35), Aug. 39.52, Oct. 36.42, Dec. 38.37, Feb. 41.25, April 40.82, June 43.87, July 44.20. Sales, 6,660.

‡‡Maize—July 286¼-287 (290), Sept. 293½ (297½), Dec. 298¾-299¼, March 307-306, May 311, July 312.

Pork Bellies—July 42.77 (41.37), Aug. 40.92 (39.42), Feb. 48.45, March 48.40, May 48.95, July 49.75, Aug. 47.95.

Silver—June 845.0 (854.5), July 844.5 nom. (854.5), Aug. 849.5-850.0, Oct. 863.5, Dec. 876.0-876.8, Feb. 887.0, June 909.5, Aug. 921.0, Dec. 944.0, Feb. 955.5, April 967.0.

‡Soyabeans—July 787-789 (780), Aug. 795-797 (809), Sept. 798, Nov. 796-800, Jan. 808-809, March 820½-820, May 824-825, July 824-825.

‖Soyabean Meal—July 216.00-217.00 (218.20), Aug. 216.00-217.50 (221.00), Sept. 218.50-218.00, Oct. 219.00-218.50, Dec. 221.50-221.00, Jan. 222.70-222.00, Mar. 225.00-223.00, May 225.00, July 223.00-222.00.

‡Wheat—July 435-34 (442¾), Sept. 440-41 (450½), Dec. 454-454½, Mar. 463, May 463, July 442.

Soyabean Oil — July 26.83-26.90 (27.18), Aug. 27.10-27.05 (27.43), Sept. 27.25-27.30, Oct. 27.30, Dec. 27.40-27.30, Jan. 27.40-27.35, Mar. 27.50-27.45, May 27.55-27.60, July 27.55-27.60, Aug. 27.50-27.55.

WINNIPEG, June 18. §Rye—June 18. July 129.00 bid (126.50 bid), Oct. 128.30 (126.00 bid), Dec. 124.70 bid, May 124.20 bid.

§Barley—July 100.80 (100.03 bid), Oct 97.50 asked (97.00), Dec. 93.50 asked, March 93.50 asked, May 93.60 asked.

§Oats—July 98.00 bid (96.50 asked), Oct 94.50 bid (93.90 bid), Dec. 92.20 bid, March 90.50 bid May 90.00 bid.

§Flaxseed—July 352.50 bid 354.50 bid), Oct 342.50-342.00 (345.00 bid), Nov. 329.00 bid, Dec. 322.00 bid, May 332.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 231.45.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. † Cents per dozen.

EUROPEAN MARKETS

PARIS, June 18.

Sugar (FFr per 100 kg). July expired, Aug. 951/952, Oct. 1000/1001, Nov. 995/1005, Dec. 1030/1040, March 1065/1075, May 1080/1095, July 1115/1125, Aug. 1135/1150. Sales at call 13.

ROTTERDAM, June 18.

U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, July $197 U.S. Hard Winter wheat, ordinary, unquoted. U.S. No. 2 Red Winter wheat June $196, July $193, Aug. $194, Sept. $196, Oct. $193. U.S. No. 2 Northern Spring wheat, 14 per cent, June $193.50, July $196.50, Aug. $196.50, Sept. $197.50, Oct. $202, Nov. $204.50.

Maize—U.S. No. 3 Corn Yellow afloat $144.00, June $142, July/Sept. $145.50, Oct./Dec. $150, Jan./March $150 sellers, with July $142.50, Jan./March $155.50 traded.

Soyabeans—U.S. No. 2 Yellow Gulfports afloat $326, June $323.75, July $325.50, Aug. $329, Sept $331, Oct. $328, Nov. $327, Dec. $331.50, Jan $334, Feb. $339, March $340, April $340, May $341, June $342, July $343. Brazil Yellow FAQ afloat $323. Argentine afloat $318, June $318.25, July $321.50, Aug. $324.50.

Soyameal—44 per cent protein, U.S. afloat $268, June $268, July $268, July-Sept. $269, Nov./March $279. Brazil pellets July $272.50, Aug. $276 traded, afloat $268, June $270, July $273, Aug. $277, Sept. $279.

INDICES

FINANCIAL TIMES

June 18	June 15	M'nth ago	Year ago
296.66	301.77	278.43	247.57

(Base: July 1, 1952=100)

MOODY'S

June 18	June 15	M'nth ago	Year ago
1103.6	1105.4	1056.6	950.7

(December 31, 1931=100)

DOW JONES

Dow Jones	June 18	June 15	Month ago	Year ago
Spot	417.61	423.31	389.39	365.18
F'tur's	423.16	429.31	398.31	353.61

(Average 1924-25-26=100)

REUTERS

June 18	June 15	M'nth ago	Year ago
1637.0	1645.1	1579.8	1602.1

(Base: September 18, 1931=100)

Early falls regained despite trade figure apprehensions and concern over political/inflationary trends

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10
July 2	July 12	July 13	July 24

* "New time" dealings may take place from 9.30 am two business days earlier.

A report that Saudi Arabia is ready to increase further its crude oil production on a temporary basis in a move to stabilise world oil prices, but is waiting the outcome of next week's OPEC conference, prompted revived firmness in both equities and Government securities yesterday.

Initial concern about the economic outlook and apprehension ahead of today's announcement of the May trade figures imparted easiness in leading Industrials in the first hour or so of business. But, with underlying sentiment assisted by the Saudi Arabian oil report, a useful rally ensued and final quotations were better on balance. British Funds followed a similar pattern with early losses, ranging to ¼, being replaced by rises to half-a-point at the close.

The turnround in the equity leaders was well illustrated by the FT 30-share index which touched its lowest of the day at 11 am, showing a loss of 3.4, before a close of 4.4 higher on balance at 482.9. There was a little genuine investment demand and the recovery movement owed much to the absence of selling pressure together with a stock shortage.

Elsewhere, South African gold shares made further progress with the aid of American and Continental demand ahead of today's U.S. Treasury gold auction.

The easiness imparted late last Friday by the unexpected fresh large call to be made on the Gilt-edged market of £1.8bn in new tap stocks continued at the outset. Quotations began generally ¼ lower, but rallied on the Middle East oil report and improved further following the early advance in sterling, although business was regarded as light. *Short-dated issues*, the market in which is still technically untapped, led the movement and closed with gains extending to ⅜, while the best rises among the longs were established by the recently depressed high-coupon issues.

Southern Rhodesian bonds drifted lower in the absence of any buying interest and the 6 per cent 1978-81 issue closed three points down at £116, while the 2½ per cent 1965-70 stock ended two points off at £79. Among Americans, Rockwell International were listed officially in London for the first time and traded at around £21⅛.

Institutional demand for investment currency continued although business overall was much below Friday's high standard. Rates improved to 40¼ per cent on buying generated by activity in South African Gold shares before the premium eased slightly to close a net 1¼ points higher at 39¾ per cent. Yesterday's SE conversion factor was 0.8836 (0.8912).

A sharp contraction of business in Traded options culminated with a total of only 460 deals completed; this compares with Friday's 1,546 and last week's daily average of 1,054. Grand Met. attracted most interest, recording 118 trades, while Cons. Gold Fields and Marks and Spencer marked 89 and 86 respectively.

Hambros jump late

A lethargic banking sector was enlivened during late inter-office dealings by **Hambros**, which jumped 25 to 305p in response to eagerly-awaited preliminary results revealing a strong recovery in the second-half. Elsewhere, the major clearers made modest progress with Lloyds, 323p, and NatWest, 353p, hardening 5 apiece. Still concerned about the trend towards dearer credit, Hire Purchases eased further. Lloyds and Scottish receded 3 to 112p xd and Wagon Finance 2 to 39p.

With the exception of **Christopher Moran**, which edged forward a penny to 36p ahead of tomorrow's annual figures, Insurances ended lower. Royals dipped 7 to 348p and Pearl gave up 6 at 250p.

Leading Breweries traded quietly to close with modest gains. Bass hardened to 211p, while further consideration of the good interim results lifted **Arthur Guinness** 3 to 191p. Dealings in **Amalgamated Distilled Products** were suspended at 48p, a 1979 peak, on the news that the company is involved in discussions which could lead to a third party taking a stake in the group. Distilleries were generally slightly firmer and **Highland** added 4 at 110p.

Leading Buildings steadied after an initial downdrift and settled with little change on balance. Elsewhere, both **Brown and Jackson** and **MDW** benefited from weekend Press comment, the former rising 20 to 245p and the latter 4 to 48p. By contrast, occasional small selling left **Wilson (Connolly)** 4 cheaper at 176p. **Thomas Warrington** came on offer and shed 5 to 55p, but **Beechwood Construction**, 33p, were unmoved by increased annual profits. In Cements, **Tunnel B** shed 4 to 270p ahead of Thursday's annual results.

Marked a penny or so lower at the outset, ICI and Fisons steadily improved to end 7 apiece higher on balance at 360p and 261p respectively. Among other Chemicals, **Anchor** eased 4 to 72p and **William Ransom** 5 to 315p.

Fraser up again

Undeterred by a reported bid denial from Lonrho, **House of Fraser** took a further smart step forward to close the day 18 higher at 198p, after 200p, on persistent speculative buying fuelled by suggestions that Lonrho would soon launch a full-scale offer or sell its near-30 per cent stake in Fraser to another potential suitor; Lonrho hardened a penny to 76p. Elsewhere in Stores, still reflecting the proposed *£4m rights issues*, **Combined English** cheapened 2 to 121p, while **W. Goodkind**, at 45p, lost 5 of the recent good rise which followed news of a large shareholding changing hands. Renewed investment support lifted **MFI** 8 to 132p and **Vantona** saw buyers at 124p, up 5. **Peters and Status Discount** rose 3 to 45p and 66p respectively. In Shoes, **Stylo** were sold and closed 6 down at 138p.

Down to 357p initially, GEC picked up well to close 5 better on balance at 367p. Elsewhere in Electricals, weekend Press comment attracted buyers to **Highland Electronics**, which jumped 8 to 66p. **United Scientific** saw support at 293p, up 7, but falls of 5 were sustained by **Cableform**, 61p, **Electrocomponents**, 450p, and **Pressac**, 95p.

A revival of investment demand left **John Brown** 22 higher at the day's best of 511p, but other leading Engineerings with only modest improvements after giving ground initially. Secondary issues presented a rather mixed appearance. Among the bright spots, **Hawthorn Leslie** encountered fresh support and put on 6 to 79p xd, while buying in a limited market lifted **Whitehouse** 15 to 205p. Occasional interest ahead of Thursday's interim statement left **Baker Perkins** 3 dearer at 157p. By way of contrast, **A. Cohen** reacted 10 to 280p and losses of 5 were marked against **Babcock and Wilcox**, 151p, and **British Aluminium**, 235p. Disappointment with the annual results brought a reaction of 4 to 147p in **Brown and Tawse**.

Foods ended the session on a firm note after a mark-down of a penny or so at the opening. **Tate and Lyle** (interim results tomorrow) firmed 2 to 152p, while **Cadbury Schweppes** added a penny to 60½p. Among Supermarkets, Press comment highlighting bid possibilities prompted a gain of 8 to 124p in **Cartiers**, while a small late demand lifted **William Morrison** 4 to 158p. Awaiting tomorrow's annual results, **Tesco** hardened ½ to 69½p. Elsewhere, **Associated Biscuits** firmed 3 to 73p, but **United Biscuits** eased that much to 84p. **Hazlewoods (Proprietary)** shed 5 to 54p in a thin market.

Hotels and Caterers featured **Trust Houses Forte** which firmed 4 to 160p awaiting today's interim results.

Glaxo better

Early nervousness in the miscellaneous Industrial leaders ahead of today's trade figures gave way to calmer conditions later and the closing trend was steady to firm. **Beecham** rallied from an initial level of 523p to finish 2 better on balance at 532p, while **Glaxo** closed 7 to the good at 460p, after 451p. Elsewhere, secondary issues plotted an irregular course. **Diploma Investments** improved 3 to 280p in response to Press comment. **Vinten** rose 5 to 148p as did **Jacksons Bourne End** to 160p, while **Berwick Timpo** edged forward a penny to 79p on an investment recommendation. Afternoon details of the proposed £17m rights issue announced with the interim results left **Hanson Trust** a penny up at 168p, but small offerings and lack of support brought about a reaction of 5 to 145p in **European Ferries**. **Henry Boot** lost a similar amount to 95p.

Motor Distributors staged a useful rally after their post-Budget malaise, although the rises were often attributed to lack of selling rather than an influx of investment support. **Heron** featured, rising 5½ to 47p, while **Hanger** put on 7 at 78p. Gains of around 4 were seen in **Lookers**, 53p, **Harold Perry**, 146p and **Wadham Stringer**, 39½p. Elsewhere, **ERF** attracted interest and improved 8 to 113p in front of today's preliminary statement.

Properties picked up after a dull start and occasionally closed with small net gains. **MEPC** ended 2 firmer at 156p and **Land Securities** finished unaltered on balance at 280p, after 278p. **British Land** held a Press-inspired gain of 3½ at 68½p, but **Great Portland Estates**, at 296p, gave back 2 of Friday's rise of 12 which followed good annual results. **Haslemere** eased 4 to 296p and **Hammerson A** slipped 5 to 800p. Awaiting today's preliminary figures, **Bradford** shed 10 to 390p. Elsewhere, **Warnford Investments** put on 15 to 420p in a thin market.

Quiet conditions prevailed among leading Oils where an early downdrift was subsequently checked. Net gains of a couple of pence were posted against **British Petroleum**, 1144p, and **Shell**, 362p. In secondary issues, increased support was forthcoming for **Burmah**, which put on 6 to 132p, but **Tricentrol** reversed an initial gain of 2 to close 3 cheaper on balance at 221p. **Oil Exploration** added 4 to 276p and **Lasmo OPS** firmed 5 to 740p.

Support ahead of Thursday's half-time results lifted **S. and W. Berisford** 10 to 200p.

Shippings drifted easier in a quiet business with the exception of **Furness Withy**, which rose 6 to 293p following KCA's reported attempt to win shareholders' support in its battle for representation on the former's board.

Textiles ended the session with a narrowly mixed appearance apart from **Tern-Consulate**, 4 better at 70p, and **Dawson International**, 3 up at 111p, the latter following better-than-expected annual profits and a substantial increased dividend payment.

In Tobaccos, **Siemssen Hunter** added 8 in a very restricted market to close at 70p.

A general lack of interest coupled with easier Far Eastern advices and adverse Press comment left Plantations lower across the board. **Bertam** fell 7 to 183p, while losses of 5 were seen in **Muar River**, 74p, **London Sumatra**, 300p, and **Sungei Krian**, 118p.

Golds advance

Although closing a fraction below the day's best level South African Golds registered substantial gains despite the easier bullion price in front of today's U.S. Treasury gold auction.

The Gold Mines index put on 7.2 to 186.2 — its third successive rise — and the ex-premium index 5.0 to 164.5.

Prices opened higher, reflecting a surge of American buying late on Friday evening, and continued to move ahead owing to Continental interest. However, towards the close and in the late after-hours trade U.S. profit-taking pared earlier gains to a small extent.

Among heavyweights **Vaal Reefs** were outstanding with a gain of almost a point at £18 after £18½.

In the medium and lower-priced issues **Kloof** and **Libanon** were particularly wanted with the former finally 40 better at 755p and the latter 54 higher at 722p.

South African Financials attracted good support. "**Amgold**" improved around a half-point to £20 as did "**Johnnies**" at £19½. Persistent Cape buying lifted **UC Investments** 15 to 327p, and **Union Corporation** 7 to 401p.

Australians were idle reflecting the closure of overnight Sydney and Melbourne market for the Queen's birthday. **BH South** hardened 2 to 96p following news that **North Broken** has increased its stake in company.

Elsewhere, the North group companies moved strongly on heavy Canadian buying. **Anglo United** advanced to 255p. **Westfield Minerals** to 210p and **Northgate** selves 45 to 375p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1200	20	—	56	6	112	—	1142p
BP	1300	5	15	30	1	70	2	"
Com. Union	160	42	—	6	2	10	—	144p
Cons. Gold	200	11	2	52	—	—	—	239p
Cons. Gold	240	3	10	24	10	28	51	"
Cons. Gold	250	2	5	15	—	19	—	"
Cons. Gold	280	½	—	6	10	11	5	"
Courtaulds	120	24	—	1½	—	4	5	98p
GEC	330	45	1	60	—	—	—	366p
GEC	360	23	3	37	—	54	—	"
GEC	420	3	5	14	—	30	2	"
GEC	460	1	—	9	—	17	5	"
Grand Met.	105	30	9	35	—	—	—	136p
Grand Met.	130	6	42	13	8	18	39	"
Grand Met.	158	2	—	6	20	11	—	"
ICI	360	2½	16	11	12	22	—	357p
Land Secs	300	3½	5	14	—	25	—	280p
Marks & Sp.	100	15	—	19	5	—	—	112p
Marks & Sp.	110	9	—	14	25	17	—	"
Marks & Sp.	130	1	—	4½	12	9	46	"
Shell	325	45	—	52	1	—	—	360p
Shell	375	14	6	28	—	38	—	"
Shell	400	6	—	16	4	29	—	"
Totals			117		114		161	
		August		November		February		
Boots	220	2	—	7	—	11	1	192p
EMI	100	10	6	15	—	19	—	97p
EMI	110	8	9	11	—	15	—	"
EMI	120	3	—	8	—	11	5	"
Imperial Gp	100	2½	6	6	—	9	—	98p
RTZ	260	28	11	40	—	51	—	292p
RTZ	300	18	19	31	—	41	—	"
RTZ	330	7	4	18	18	27	—	"
Totals			54		18		6	

FINANCIAL TIMES STOCK INDICES

	June 18	June 15	June 14	June 13	June 12	June 11
Government Secs.	70.60	70.24	70.44	71.15	72.85	72.66
Fixed Interest	72.44	72.32	72.44	73.77	74.37	74.46
Industrial	482.9	478.5	474.2	488.9	501.8	504.8
Gold Mines	186.2	179.0	177.2	174.5	200.9	204.5
Gold Mines (Ex-$ pm)	164.5	159.5	158.1	155.4	163.8	166.6
Ord. Div. Yield	6.11	6.17	6.21	6.04	5.88	5.89
Earnings, Yld. % (full)	16.08	16.25	16.34	15.90	15.48	15.58
P/E Ratio (net) (*)	7.95	7.87	7.82	8.04	8.27	8.24
Total bargains	16,242	20,896	20,376	20,048	15,552	17,722
Equity turnover £m.	—	115.67	104.57	123.61	62.06	82.20
Equity bargains total	—	16,199	16,298	15,824	11,037	14,576

10 am 476.0. 11 am 475.1. Noon 478.7. 1 pm 480.4. 2 pm 480.1. 3 pm 480.5.

Latest Index 01-246 8026.

*Nil = 7.64.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	139.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (8/6)	95.2 (2/1)	337.1 (3/4/74)	54.5 (26/6/76)

S.E. ACTIVITY

	June 18
—Daily	
Gilt Edged	117.4
Industrials	151.[illegible]
Speculative	38.[illegible]
Totals	94.[illegible]
5-d'y Av'r'ge	
Gilt Edged	112.[illegible]
Industrials	154.6
Speculative	34.1
Totals	97.2

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (5)

AMERICANS (1)
Tesoro Petroleum

BEERS (1)
Amal. Distilled Prods

STORES (1)
House of Fraser

INDUSTRIALS (1)
Utd. Guarantee

TOBACCOS (1)
Siemssen Hunter

NEW LOWS (88)

LOANS (1)
ICFC 12pcUns.Ln. '92

FOREIGN BONDS (1)
Antofagasta 5pc Pref.

AMERICANS (11)
Bendix Corp. — Honeywell
Bethlehem Steel — I.B.M. Corp.
C.P.C. — Ingersoll-Rand
Caterpillar — Norton Simon Inc.
Colgate-Palmolive — Sperry Rand
[illegible] — Time Inc.

BANKS (8)
ANZ — Nat. Bank of Aust.
Bankers Trust N.Y. — Wells Fargo
Comml. Bk. of Aust. — Cie Bancaire
HK & Shanghai — Provident Financial

BUILDINGS (5)
Bett Bros. — Richards Wallington
Galliford Brindley — Tunnel B
Heywood Williams

CHEMICALS (2)
Brit. Tar Prods. — Thurgar Bardex

STORES (2)
Ladies Pride — Wallis Fashion

ELECTRICALS (4)
Cableform — Laurence Scott
EMI 8½pc Cnv. '81 — Pressac

ENGINEERING (9)
Amal Power — Record Ridgeway
Brickhouse Dudley — Senior Eng.
CompAir — Stone-Platt
Hunt & Moscrop — W. Bromwich Spring
Mole (M.)

FOODS (1)
Kraft

INDUSTRIALS (14)
Avon Rubber — Jardine Matheson
Borg-Warner — Lebolt Fobel
Bridgend Proc. — M.Y. Dart
Dover Corp. — Swire Pacific
Embart Corp. — Third Mile Inv.
Fenner (J. H.) — Walker & Homer
Hestair — Wheelock Marden

INSURANCE (1)
Taisho Marine

MOTORS (2)
General Motors — Assoc. Eng.

PAPER (3)
Assoc. Paper — Ogilvy & Mather
McCorquodale

TEXTILES (5)
British Mohair — Rivington Reed
Hield Bros. — Do. 8½pc Cv.
Illingworth Morris A

TOBACCOS (1)
BATs Defd.

TRUSTS (8)
Clydesdale Inv. — Montague Boston
Do. B — Scot. Mort. &
Crescent Japan — W Coast & Te
G T. Japan — New Par

OILS (1)
Woodside

OVERSEAS TRADERS (2)
Mitchell Cotts — Sime Darby

MINES (6)
Patino N.V. — Berjuntai
North Broken Hill — Pahang
Ayer Hitam — South Crofty

RISES AND FALLS YESTERDAY

	Up	Down
British Funds	79	1
Corpns. Dom. and Foreign Bonds	9	7
Industrials	361	38[illegible]
Financial and Prop.	62	18[illegible]
Oils	12	[illegible]
Plantation	2	1[illegible]
Mines	70	2[illegible]
Others	58	3[illegible]
Totals	653	65[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16

For rate indications see end of Share Information Service

Calls were dealt in Premier Oil, Town and City Properties, Western Mining, Lonrho, Grand Metropolitan, Charterhall, Beechams, MFI, House of Fraser, Consd. Gold Fields, Parker Timber, LRC, Westland Aircraft, British Land and Homfray. No puts were reported but double options were arranged in Cons. Gold and BOC.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Grand Met. 'New'	Nil/pd.	11	9pm	− 1½	16pm	9pm
GEC	25p	10	367	+ 5	456	311
ICI	£1	8	360	+ 7	415	346
RTZ	25p	8	292	− 6	362	226
BAT Defd.	25p	7	242	− 1	337	241
MFI Furniture	10p	7	132	+ 8	138	54
Barclays Bank	£1	6	450	+ 2	514	360
BP	£1	6	1,144	+ 2	1,246	882
EMI	50p	6	97	—	144	97
GKN	£1	6	256	—	308	226
House of Fraser	25p	6	198	+18	200	125
Marks & Spencer	25p	6	112	+ 2	134	83
Sainsbury (J.)	25p	6	330xd	+ 2	370	225
Shell Transport	25p	6	362	+ 2	402	278
Glaxo	50p	5	460	+ 7	600	453

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
50	F.P.	11/7	91	76	B & Q (Retail) 5p	80	+2	3.46	2.8	3.1	17.2
‡115	F.P.	—	207	137½	††Baker (John)	180	—	12.0	—	[illegible]	—
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	51½	—	4.0	—	11.6	—
‡‡	F.P.	22/6	4½	3	Do. Capital 2½p	4	+¼	—	—	—	—
§§	F.P.	—	57½	36	Rock Darham	36	—	—	—	—	—
—	—	—	£21½	£21⅛	Rockwell Intl. Grp.	£21⅛	—	$2.40	—	6.7	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
20p	F.P.	11/5	21¼p	17p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	17p	—
100	F.P.	27/7	110½	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	110	—
100	Nil	26/6	2pm	¼pm	Marsh'll's Univ'rs'l 7½% Cnv. Cum. Red. Prf.	¼pm	—
100	£10	30/8	12	10	Portsmouth Water 8% Red. Prf. 1984	11	—
100	F.P.	11/5	118½	105	Slough Ests. 8% Cnv. 1991-94	105	+1
98	£25	23/8	25¼	22½	York Water 12% Deb 1986	22½	−1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date □	1979 High	1979 Low	Stock	Closing price p	+ or −
25	F.P.	8/6	6/7	51pm	40pm	Edwards (Louis C.)	44pm	—
126	Nil	29/6	10/8	16pm	9pm	Grand Metropolitan	9pm	−1
12	F.P.	1/6	29/6	15½	9	Hampton Trust	14½	—
100	Nil	5/7	7/9	5pm	2pm	Intl. Timber	3pm	+½
164	Nil	22/6	27/7	17pm	3pm	MEPC	4pm	—
85	Nil	—	—	121	101½	P.M.A. Holdings	112	+2
210	Nil	22/6	20/7	60pm	40pm	Peterson Tennant	40pm	—
20	F.P.	—	—	45½	29	Provincial Laundries	38	—
118	F.P.	1/6	29/6	128	100	Pullman (R. & J.)	107	+3
60	Nil	29/6	30/7	36pm	21pm	Scotcros	21pm	−2
115	F.P.	11/6	2/7	135	122	Scot. Met. Prop.	122	−2
265	Nil	15/6	27/7	296	270	Simon Engineering	270	−2
150	Nil	15/6	13/7	156	142	Smurfit (Jefferson)	144	+1
455	F.P.	4/6	6/7	507	470	Standard Chartered Bank	473	+1
138	F.P.	18/6	9/7	145	135	Tilling (Thomas)	137	—
175	F.P.	23/5	4/7	249	210	Tricentrol	222	−4
[illegible]	F.P.	7/6	13/7	105¼	93	UDS	93	−1
20	Nil	19/6	13/7	25½	21	Weeks Associates	[illegible]	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., June 18, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., June 15 Index No.	Thurs., June 14 Index No.	Wed., June 13 Index No.	Tues., June 12 Index No.
1	CAPITAL GOODS (172)	246.84	−0.1	17.21	5.72	7.61	247.08	246.12	253.46	262.01
2	Building Materials (27)	229.19	−0.9	17.48	5.66	7.63	231.22	230.56	239.01	247.34
3	Contracting, Construction (28)	362.03	−0.2	24.84	6.02	5.07	362.90	362.34	383.02	400.01
4	Electricals (14)	592.13	+0.6	13.03	3.26	10.57	588.36	580.73	598.20	616.69
5	Engineering Contractors (12)	362.90	−0.9	19.97	8.34	6.41	366.09	363.48	371.38	387.43
6	Mechanical Engineering (75)	187.66	+0.2	17.60	6.23	7.38	187.31	186.79	192.56	197.54
8	Metals and Metal Forming (16)	167.36	−0.9	19.29	9.31	6.50	168.84	171.17	174.70	178.91
	CONSUMER GOODS									
11	(DURABLE) (52)	230.63	−0.1	15.03	4.79	8.79	230.97	230.34	234.71	242.62
12	Lt. Electronics, Radio, TV (16)	312.31	−0.7	11.84	3.46	11.90	314.46	313.66	319.94	329.72
13	Household Goods (12)	162.45	−0.5	17.21	7.37	7.79	163.19	163.42	166.45	171.47
14	Motors and Distributors (24)	119.68	+1.1	21.57	7.15	5.68	118.36	117.87	120.44	124.82
	CONSUMER GOODS									
21	(NON-DURABLE) (171)	235.24	+0.4	15.92	5.83	8.03	234.21	231.38	237.96	243.72
22	Breweries (14)	272.24	+0.2	14.96	5.67	8.18	271.67	266.30	273.18	278.67
23	Wines and Spirits (6)	307.74	+0.9	15.27	4.86	9.54	305.03	298.81	307.70	316.31
24	Entertainment, Catering (17)	307.22	+0.8	15.23	6.70	8.69	304.65	305.32	317.07	320.84
25	Food Manufacturing (19)	215.75	−0.3	18.31	5.69	6.79	216.38	215.60	219.52	225.43
26	Food Retailing (15)	293.28	+0.2	11.26	4.13	11.76	292.65	290.93	297.71	302.71
32	Newspapers, Publishing (12)	419.14	−1.1	22.67	7.37	6.26	423.84	426.75	439.07	445.63
33	Packaging and Paper (15)	131.64	−1.8	21.59	8.47	6.01	134.07	132.19	135.26	138.54
34	Stores (41)	237.62	+1.0	11.88	4.30	11.31	235.16	230.45	238.82	245.18
35	Textiles (23)	166.64	+0.9	21.22	9.42	6.15	165.13	165.75	170.84	176.37
36	Tobaccos (3)	237.69	+0.7	23.89	8.66	4.81	236.11	232.55	236.61	243.88
37	Toys and Games (6)	73.84	+0.9	30.64	9.20	3.91	73.15	73.27	77.09	79.37
41	OTHER GROUPS (99)	203.98	+0.4	15.58	6.27	7.96	203.20	202.64	208.42	213.86
42	Chemicals (18)	289.31	+1.4	17.53	6.82	6.66	285.30	286.11	292.66	299.65
43	Pharmaceutical Products (7)	219.88	+0.7	12.50	5.19	9.96	218.46	219.43	224.73	231.31
44	Office Equipment (6)	123.21	+0.6	16.63	6.66	7.58	122.49	121.42	122.47	128.06
45	Shipping (10)	457.62	−0.8	10.06	6.81	13.31	461.26	455.97	473.23	484.16
46	Miscellaneous (58)	240.61	−0.5	16.12	6.12	8.08	241.78	239.73	248.78	254.64
49	INDUSTRIAL GROUP (494)	237.42	+0.2	16.10	5.83	7.95	236.83	235.13	241.74	248.45
51	Oils (6)	645.41	+0.3	12.22	3.40	8.70	643.36	639.58	651.51	667.86
59	500 SHARE INDEX	270.46	+0.3	15.41	5.40	8.08	269.75	267.88	274.96	282.49
61	FINANCIAL GROUP (115)	190.55	−0.2	—	5.54	—	190.92	189.26	193.29	198.56
62	Banks (6)	236.34	+0.9	28.18	5.13	4.58	234.23	231.32	237.25	247.25
63	Discount Houses (10)	243.66	−0.7	—	7.86	—	245.29	245.31	245.27	248.53
64	Hire Purchase (5)	161.58	−3.1	20.56	5.59	6.26	166.82	166.64	170.85	182.74
65	Insurance (Life) (10)	158.81	−0.5	—	6.66	—	159.68	158.13	160.48	161.45
66	Insurance (Composite) (8)	125.20	−1.2	—	7.54	—	126.73	124.11	126.85	129.05
67	Insurance Brokers (10)	275.07	−0.6	18.26	6.96	7.84	276.86	274.52	278.17	287.19
68	Merchant Banks (14)	98.03	+0.9	—	5.49	—	97.16	97.34	99.99	102.36
69	Property (42)	331.84	−0.2	3.22	2.74	47.73	332.60	333.57	340.19	347.97
70	Miscellaneous (10)	120.42	−0.5	15.45	7.74	8.29	120.97	120.57	123.29	124.54
71	Investment Trusts (111)	212.51	−0.4	—	5.46	—	213.46	214.94	219.36	222.18
81	Mining Finance (4)	128.17	−1.2	15.58	6.14	7.80	129.73	128.75	131.64	137.56
91	Overseas Traders (20)	356.13	+0.1	15.54	7.18	8.17	355.64	355.80	365.33	370.87
99	ALL-SHARE INDEX (750)	248.24	+0.1	—	5.48	—	247.97	246.40	252.60	259.19

FIXED INTEREST PRICE INDICES

	British Government	Mon., June 18	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.20	+0.30	—	4.56
2	5-15 years	113.22	+0.24	—	5.62
3	Over 15 years	117.96	+0.02	0.22	6.84
4	Irredeemables	128.95	+0.67	—	6.40
5	All stocks	111.18	+0.19	0.88	5.64

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon., June 18	Fri., June 15
1	Low Coupons	5 years	10.74	10.86
2		15 years	11.20	11.27
3		25 years	11.65	11.68
4	Medium Coupons	5 years	12.48	12.56
5		15 years	12.80	12.73
6		25 years	12.75	12.73
7	High Coupons	5 years	12.74	12.83
8		15 years	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]
10	Irredeemables		11.48	11.55

		Mon., June 18 Index No.	Mon., June 18 Yield %	Fri., June 15	Thurs., June 14	Wed., June 13	Tues., June 12	Mon., June 11	Fri., June 8
15	20-yr. Red. Deb & Loans (15)	58.54	12.73	58.40	58.66	59.54	59.57	59.71	59.66
16	Investment Trust Prefs. (15)	48.07	14.59	48.98	48.98	50.15	51.78	51.78	51.62
17	Coml. and Indl. Prefs. (20)	69.52	13.51	70.04	70.04	70.29	72.89	73.04	73.43

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.62		.....	—

Net asset value June 6.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£12.07	12.08d	.....	12.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	117.0	121.0	.....	8.26

Next dealing June 25.

Gov't Secs. Tst.	92.0	95.5	−3.5	13.08

Next dealing June 25.

East &Intl.Tst (C.I.)	1.09	107	.....	3.50

Next dealing date June 28.

Australian Selection Fund NV
Market Opportunities c/o Irish Young & Outhwaite, 127 Kent St., Sydney.

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	112.15	112.73	.....	8.21

Prices at June 14. Next sub. day June 20.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	[illegible]	59.38	−0.28	8.00

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	87.4	92.7	.....	4.50

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741

Intl. Govt. Secs. Tst.

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$338.27		.....	2.30
Jardine J'pn. Fd.*	HK$372.50		.....	0.09
Jardine S.E.A.	US$17.42		.....	2.00
Jardine Flem. Int.	US$12.77		.....	0.80
Intl. Pac. Secs. (Inc.)	US$13.44		.....	1.30
Do. (Accum.)	US$13.63		.....	—

NAV May 14. *Equiv. US$73.11. Next sub. day June 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.

L.J. Sterling Fund	£10.08	10.09	+0.01	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. May 31	$US13.33	13.67	.....	2.90
CMT Ltd. May 31	£13.46	13.81	.....	2.80
Metals Tst. May 17	£16.00	16.40	.....	5.46
TMT May 10	US$10.67	10.94	.....	2.64
T.M.T. Ltd. May 10	£10.71	10.99	.....	1.06

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	US$17.96	+0.68		—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	38.0	52.4	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98⅛	94⅝	Treasury 3pc '79‡‡	97¹³⁄₁₆	−⅛	3.68	13.71
98½	95⅜	Electric 4¼pc '74-79	97¾	+⅛	4.34	12.64
100¼	54⅝	Treasury 10½pc '79‡‡	99⅛	......	10.59	12.68
97½	94½	Electric 3½pc '76-79	96⅝	+⅛	3.62	12.10
99⅞	95⅞	Treasury 9pc 1980‡‡	97⅜	+⅛	9.24	12.84
99⅞	95¹³⁄₁₆	Treasury 9½pc '80‡‡	97¼	+⅛	9.76	12.72
97	92¾	Treasury 3½pc '77-80	95⅝xd	+⅛	3.65	8.03
97⅜	92⅞	Funding 5¼pc '78-80‡‡	96xd	+¼	5.46	9.55
103⅝	99⅞	Exchequer 13pc 1980‡‡	100⅜	+⅛	12.95	12.63
102⅜	96⅞	Treasury 11½pc 1981‡‡	99¼xd	+⅛	11.58	12.04
93½	88⅝	Treasury 3¼pc 1979-81	91½	+¼	3.82	9.11
99⅞	92⅞	Treasury 9¾pc 1981‡‡	96¼	+⅜	10.12	12.09
96¼	89½	Exch. 8¼pc 1981	94¼	+⅛	8.75	11.56
98⅞	91¼	Exch. 9½pc 1981	95¼	+⅜	9.97	12.08
91¼	84¼	Exch. 3pc 1981	87½	+¼	3.42	9.49
98⅝	96	Treas. Variable '81§§	97⅜	......	14.21	15.00
104¹³⁄₁₆	97¼	Exch. 12¾pc 1981‡‡	100½	+⅜	12.68	12.46
95⅞	88	Treas. 8½pc '80-82‡‡	93xd	+⅜	9.13	11.73
84½	82	Treasury 3pc '82‡‡	85¼	+¼	3.51	9.38
108⅝	100⅜	Treasury 14pc '82‡‡	103⅛	+⅜	13.57	12.55
97¼	94⅜	Treas. Variable '82§§	96¾xd	......	12.32	15.27
95¼	85⅞	Treasury 8¼pc '82	91xd	+⅜	9.06	11.86
97¼	86½	Exch. 9¼pc 1982	92	+⅜	10.05	12.25
95⅜	84⅝	Exch. 8¾pc 1983	91½xd	+⅜	9.60	11.88
86⅛	77¾	Exch 3pc '83	79¼	+¼	3.78	9.85
104⅞	93⅛	Treasury 12pc 1983‡‡	98¼	+⅜	12.21	12.55
104	93¼	Treas. 12pc '83 A‡‡	97⅞	+⅜	12.26	12.68
95	93½	Treas. Variable '83 §§	94⅝	......	14.68	15.76
97¼	84½	Treasury 9¼pc '83	91xd	+⅜	10.16	12.11
93⅞	85½	Exch. 10pc 1983	92	+⅜	10.86	12.37
89½	78¾	Funding 5½pc '82-84‡‡	82¾xd	+¼	6.64	10.32

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
—	—	Treas. 12pc '84 (£50pd)●	£97½	......	12.31	12.67
110	93¼	Exch. 12¼pc 1985	98⅝	+¼	12.52	12.73
95	80	Treasury 8½pc '84-86‡‡	85¾xd	+¼	9.85	11.39
112¼	97¾	Exch. 13¼pc 1987	100⅝xd	+¼	12.99	12.85
84⅛	72½	Funding 6½pc '85-87‡‡	78½	+¼	8.37	10.78
88⅜	73½	Treasury 7¾pc '85-88‡‡	83	+¼	9.69	11.47
70⅜	58⅜	Transport 3pc '78-88	62½xd	+¼	4.79	9.18
73	61⅛	Treasury 5pc '86-89	67½	+¼	7.50	10.33
113⅞	95¾	Treasury 13pc 1990‡‡	100½xd	+¼	12.84	12.80
89¼	72¾	Treasury 8¼pc '87-90‡‡	79xd	+¼	10.45	11.71
106⅛	86¼	Treasury 11¾pc 1991	92⅜xd	+½	12.62	12.92
72½	60⅜	Funding 5¾pc '87-91‡‡	67⅜	+¼	8.68	10.90

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103¾	98¾	FFI 13pc 1981	99	......	13.13	13.64
107	100	Do. 14pc '79	101	......	14.24	—
108¾	98¼	Do. 14pc '83	101½	......	13.78	13.52
86½	77½	ICFC 5½pc Deb. '80-82	82½	......	6.70	12.60
85	71½	Do. 6¼pc Db. '81-84	76	+½	8.32	12.70
99	84½	Do. 10½pc Uns Ln. '86	89xd	......	11.79	13.00
99	84½	Do. 11pc Uns. Ln. '88	89½xd	......	12.29	12.80
101½	84	Do. 11¾pc Uns. Ln. '90	92½xd	+½	12.70	13.10
72½	57	Do. 7¼pc ADeb. '89-92	63½xd	−½	11.42	13.10
69	53½	Do. 7½pc A Db. '91-94	64	......	11.68	13.00
81½	64½	Do. 9pc 'A' '91-94	75½	......	13.30	13.10
78½	62½	Do. 8¾pc Ln. '92-97	73	......	12.75	13.30
101	95½	Do. 12½pc Uns. Ln. 1992	95½	−1	13.93	14.30

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PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

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MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	70	......	—	—	—
13½	10	Burma Mines 17½p	13	......	—	—	—
345	170	Cons. Murch. 10c.	280	......	Q30c	—	6.7
420	325	Northgate C$1	375	+45	—	—	—
362	225	R.T.Z.	292	−6	11.5	2.7	5.9
31	18	Robert Mines	23	......	—	—	—
65	36	Sabina Inds. C$1	36	......	—	—	—
880	612	Tara Exptn. $1	625	+13	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15⅛	−⅞	Q200c	◆	13.3
$15½	890c	East Drie R1	$14¾	+⅝	Q115c	1.6	9.0
950c	350c	East Rand Prp. R1	890c	+28	Q10c	—	1.3
$27	$18¾	F.S. Geduld 50c	$25⅞	+1	tQ325c	2.4	14.1
$19	$11½	Pres. Brand 50c	$19	+1	tQ150c	3.2	9.1
$17¾	$10¼	St. Helena R1	$17	+¼	Q190c	1.4	12.9
760c	407c	Stilfontein 50c	675c	−5	tQ66c	◆	11.9
$34	$18¾	Vaal Reefs 50c	$34	+2	Q280c	2.7	9.5
$50¼	$28¾	West Drie R1	$49½	+1	tQ385c	1.7	9.0
$35⅝	$22¼	West Hldgs. 50c	$35¾	+1⅛	tQ415c	1.4	13.4
$16¾	$10⅝	Western Deep R2	$16½	+½	Q147½c	2.1	10.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	26	......	Sheff. Refrshmt	87	......
Bertam	24	......	Sindall (Wm.)	140	......
Bdg'wtr. Est. 50p	410	......	IRISH		
Clover Croft	28	......	Conv. 9% '80/82	£98⅞	......
Craig & Rose £1	£11½xd	+¼	Alliance Gas	65	......
Dyson (R. A.) A	38	−2	Arnott	400	......
Ellis & McHdy	68	......	Carroll (P.J.)	112xd	......
Fife Forge	54	......	Clondalkin	83	−2
Finlay Pkg. 5p	20	+1	Concrete Prods.	102	......
Graig Ship. £1	275	+10	Heiton (Hldgs.)	81	......
Higsons Brew	78	......	Ins. Corp.	217	......
Holt (Jos) 25p	260	......	Irish Ropes	87½xd	......
I.O.M. Stm. £1	164	......	Jacob	45	+1
Pearce (C. H.)	235	......	T.M.G.	200	−2
Peel Mills	30	......	Unidare	86	+1

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday June 19 1979

Hua revises expansion plans

BY JOHN HOFFMANN IN PEKING

CHAIRMAN HUA GUOFENG, the Chinese leader, admitted last night that China had been imprudent in mapping out its targets for industrial development.

He was reporting to the Chinese National People's Congress on the work of the Government.

In a speech designed to reassure both the Chinese public and foreign investors that the nation's modernisation plans would go ahead—although with a revised emphasis—Chairman Hua said China had not had such a "good and flourishing economic situation as a whole in the past 10 years and more."

In the next three years China should make efforts to readjust, reconstruct, consolidate and improve the national economy to achieve sustained development.

Economic recovery in the past two years had exceeded expectations but China still suffered from the "10-year sabotage by Lin Biao and the Gang of Four," Chairman Hua said. He was referring to the disruption between 1966 and 1976 when Maoist radicals took charge of political and economic planning and threw the country into chaos.

"We had not taken this into full account and some of the measures we adopted were not prudent enough," he told the Congress.

Outlining the new programme of development, Premier Hua gave first place to achieving a "fair relationship" between the growth of agricultural production and the growth of population and industry.

Light industry would be developed more rapidly than heavy industry, so that exports would increase and more consumer goods be made available as domestic purchasing power rose.

He referred to difficulties in meeting demands for fuel, power, transport and communications. This should be improved by increasing production and practising economy, he said. Manufacturing industries would put their emphasis on turning out better quality products and more variety.

Capital construction would be curtailed, he said, forecasting tight central control on development projects. He called on construction industries to improve the quality of projects, reduce costs and shorten the building cycle.

China would continue to increase the average income of collectivised peasants and the earnings of factory and office workers as production grew.

China would continue a policy of importing up-to-date technologies and making use of foreign funds.

The Government would take energetic steps to develop foreign trade, expand economic co-operation and "adopt various reasonable practices now being used internationally to absorb foreign funds."

Chairman Hua gave statistics in support of his claim that China's economy was flourishing.

Last year's total grain output, he said, was 304.75m tonnes, a 7.8 per cent increase over 1977.

Steel output was 31.78m tonnes, a 55.3 per cent increase in two years.

Coal production for 1978 was 618m tonnes and oil output 104m tonnes.

Gross industrial output in 1978 increased by 13.5 per cent over 1977 and national revenue by 44.4 per cent. Retail sales were up by 16 per cent and total import-export volume rose 53.7 per cent.

Saudis may raise oil output by 1m barrels a day

BY ANTHONY McDERMOTT

SAUDI ARABIA may be poised to boost its oil production temporarily from July 1 by 1m barrels a day. Iran's oil production is reported also to have fallen below the levels normally claimed by the National Iranian Oil Company by a similar amount.

Both reports—published in specialist oil journals—appear a week before the Organisation of Petroleum Exporting Countries meets in Geneva next Tuesday. If the reports are correct, Saudi Arabia will probably be unable to prevent the more hawkish members of OPEC from pushing price increases on top of the present surcharges.

The authoritative Nicosia-based Middle East Economic Survey said that the Saudis were awaiting the outcome of the OPEC conference.

Saudi Arabia is OPEC's largest producer. It raised its production levels during the first quarter of this year by 1m barrels a day from its ceiling of 8.5m barrels to meet part of the oil shortage created by the decline in Iran's output.

The level of the latest proposed Saudi production rise—almost certainly leaked to the magazine—is twice that recently mentioned by officials, and is clearly intended as a hint to other OPEC members of the policies it will try to pursue at Geneva.

While almost all members have been competing in the level of their surcharges on oil, Saudi Arabia has been pressing for a unified price.

The Saudi production increase would go some way to reducing the pressure on the market, but even so an extra 1m barrels a day would only meet about half the global shortfall.

London Oil Reports, quoting reports in Iraq, appears to confirm accounts from the area that production is down in Iran. It says that because of action by revolutionary workers' committees, production is running at 2.8m barrels a day, about 1m barrels below the level claimed by NIOC.

The reduction reportedly took place two weeks ago, because workers wanted to produce at a lower rate, and because NIOC's management has been unable to persuade these committees to approve the recruitment of foreigners, who are needed to solve technical troubles in the oil fields.

Kim Fuad writes from Caracas: Present developments in oil prices are out of the hands of OPEC countries, according to Dr. Alirio Parra, international marketing director of Venezuela's state oil monopoly, Petroleos de Venezuela.

"At present, our clients, both state and private companies, are trying to obtain all the oil available—and at almost any price," he told the Interntional Association of Energy Economists earlier this month in Washington.

Lloyd's voting practice attacked

BY JOHN MOORE

A COMMITTEE representing Lloyd's insurance brokers has criticised "undemocratic" voting procedures at Lloyd's, and said that informal arrangements for the market's internal arbitration and investigations are "unsatisfactory."

The criticisms are in an 11-page private letter to a Lloyd's inquiry team headed by Sir Henry Fisher which is examining self-regulation within the market. In it the Lloyd's Insurance Brokers' Committee, effectively a trade association for Lloyd's brokers, and part of the British Insurance Brokers' Association, says that while underwriting members of Lloyd's have the right to vote "there appears to be no duty, overt or implied, upon the Committee of Lloyd's or the underwriting agents," who manage the affairs of the members of Lloyd's, "to see that they are properly appraised of their rights.

"It seems that meetings and elections take place with members unaware of them.

"Insufficient attention appears to be paid to ensuring" that all members "are aware of and able to exercise their full democratic rights."

On settlement of disputes the brokers claim that "the current informal arrangements for internal arbitrations and investigations at Lloyd's are unsatisfactory.

"Some standing arbitration procedures which are known, understood and accepted throughout the Community should be established.

Nevertheless, the ultimate right of recourse to law should not (and indeed, cannot) be denied."

The committee dismisses the idea that a professional chairman or chief executive should be appointed to run the Lloyd's market, but says that "a general up-grading of senior executives" in the Corporation of Lloyd's "is necessary."

London port plan to ease cash drain

By Ian Hargreaves, Shipping Correspondent

THE PORT of London Authority and the Government are to consider a new plan to relieve the authority of the financial drain of its loss-making upper docks and at the same time boost docklands redevelopment.

Ministers have already been told informally of the idea, which would involve passing ownership of the upper docks to a different authority so that the dock area could be gradually redeveloped.

If accepted, the scheme would avoid the Government's having to take an early decision over the sensitive issue of dock closures and offer the PLA a chance to put its finances on a sound basis.

The plan is understood to have support within the PLA, the Greater London Council and the Docklands Joint Committee, which represents local authorities in the East London port area.

It could form an important plank in the PLA's five-year corporate plan, which is due to be presented to the Government by the end of this month.

This plan will repeat the familiar case for fewer jobs in the port and for a capital reconstruction to write-off a large slice of the authority's £100m debts.

The great stumbling block to fundamental change in the last 18 months has been the PLA's insistence that it must close at least one of the up-river dock complexes and the unions' unbending resistance to this proposal.

The scheme described to Ministers is for the PLA's upper docks, involving almost 1,400 acres, to be transferred to a new authority, possibly a re-vamped Docklands Joint Committee.

This committee, which has strengthened its executive and marketing staff, would then work on a redevelopment plan, running down the 3,500 jobs in the docks gradually, as new industry and commerce was established.

Detailed studies on the cost of the plan have not yet been made, but the upper docks were responsible for most of the £17.6m lost by the PLA in 1978. This loss is likely to increase again this year.

Mr. Norman Fowler, Transport Minister, is expected to make a statement about the PLA before Parliament's summer recess, although this may be confined to short-term financial and labour matters.

Alongside its corporate plan, the PLA is seeking from its trade unions agreement to a second short-term manpower reduction plan. A similar plan agreed last summer has resulted in a reduction of 1,200 jobs on the upper river.

Discount warehouse faces equality action

BY PAULINE CLARK, LABOUR STAFF

A CORNISH discount warehouse employer is to become the first target of legal action by the Equal Opportunities Commission because of alleged sex discrimination in advertising since the Sex Discrimination Act came into force in 1975.

Mr. Michael Robertson, chairman of Trago Mills and associated West Country shopping centres, described the action as "an infringement of liberty." He said he would "fight to the last" before an industrial tribunal.

The commision is seeking an order under sections 38 and 72 of the Act that Mr. Robertson must treat both sexes equally at his stores near Liskeard, Cornwall and Newton Abbot, Devon.

The action against Mr. Robertson, who pays women £3 a day less than men, who are on £14 a day, is based on advertisements for staff which appeared between December and April in three West country newspapers.

After receiving notification of the intended action, Mr. Robertson said: "It's all totally daft. It's time someone took a stand against this ridiculous idea that women can do all work that men can."

He said he would be attacked for being "an ogre" if he started asking his female staff to carry rolls of carpets or boxes weighing a hundredweight or more.

There were jobs that only men could do and it would be wrong to suggest otherwise in advertisements for staff.

He claimed there was no question of his underpaying women who worked for him since he was paying above the going rate for shop workers in the West country.

Post Office to raise $250m

BY JOHN LLOYD

THE POST OFFICE has turned to the booming New York commercial paper market to raise an expected $250m (about £125m) over the next few months.

This follows an arrangement made earlier this year with a group of international banks for a 10-year standby credit line worth $250m, to back up a commercial paper issue.

The sale, which began on June 4, raised $30m in its first week. The paper is offering interest rates varying between 9.55 and 9.75 per cent, with maturities ranging between seven days and 270 days.

The venture into the New York commercial paper market —in which companies requiring funds borrow from others which have surpluses—is an unusual one for a UK nationalised industry, although British Gas entered the market late last year.

Although the Post Office's sale is being conducted at a time when it is suffering a loss of revenue of around £500m resulting from a hold-up in telephone billing due to industrial action by computer operators, the corporation stressed that the two were not connected.

Negotiations for the venture began some six months ago, when the Post Office's credit rating was assessed. Earlier this year, it was given the highest possible rating, since its transactions were to be backed by the UK Treasury.

The New York market is also believed to have been impressed by the fact that it was one of the few postal authorities in the world which showed a profit on its operations.

The dollars raised by the sale will be passed via the Federal Reserve Bank to the Treasury, which will then issue sterling to the Post Office.

The corporation estimates it will save between £1 and £2m by borrowing in this way compared with the interest it would have paid on borrowing from the National Loans Fund—the Government fund from which State industries normally borrow.

The corporation said last night that it was not intent on a rapid sale.

Labour Party staff in dispute

BY NICK GARNETT, LABOUR STAFF

THE LABOUR PARTY was confronted with an embarrassing industrial dispute yesterday when its full-time white-collar staff decided to take action over a pay claim.

More than 100 workers represented by the Labour Party's staff joint trade union committee will ban overtime and refuse to service the National Executive Committee and other party bodies. They are also planning a one-day strike on June 27 when members of the NEC could face picketing.

Mr. Nick Siegler, secretary of the trade union committee, said the staff had been forced to take industrial action because of the "intransigence" of NEC negotiators.

"The fact that the Labour Party has consistently refused to pay decent wages to all its full-time staff has undermined staff morale and been to the detriment of the service they are able to provide to the party at large," he said.

The group is claiming a 28 per cent increase on basic wages. This rise, it says, is necessary to restore the buying power of salaries to their 1975 levels and to make them comparable to those paid in other organisations doing similar work.

Continued from Page 1

Arms treaty signed

differences between the two countries—over the Middle East, Africa, South-East Asia and human rights—were narrowed.

But U.S. officials said they considered it more important for the longer-term that it had been agreed to hold more frequent bilateral discussions in future. No firm date for another summit has been set but both sides agreed that the next one should take place preferably not in an atmosphere of crisis or merely formally to sign a major agreement.

It also emerged yesterday that the SALT process, apparently wrapped up in Saturday's bilateral session, was not quite as smooth as had been expected.

Mr. Carter was obliged to go back to Mr. Brezhnev on Sunday for additional clarification of the Soviet Union's intention not to increase the rate of production of its controversial Backfire bomber from the present 30 aircraft a year. The Backfire bomber is excluded from the treaty itself.

This was resolved by an amended and expanded Soviet statement on the Backfire accompanying the treaty and emphasising the Soviet commitment not to increase production.

But Mr. Ralph Earle, the chief U.S. SALT negotiator, admitted later that differences still remain over the range of the Backfire, which the Soviet Union contends is not intercontinental. In the documents, the U.S. made it clear that any significant upgrading of the capabilities of the Soviet aircraft would be tantamount to a violattion of the SALT treaty itself.

The Backfire issue is certain to be a major element in the Senate debate, and the revelation here of last-minute manoeuvring by the Administration may not strengthen its arguments for SALT with the Congress. But in a clear attempt to capitalise on the achievements of the Vienna summit, Mr. Carter was due to address a joint session of Congress last night shortly after his return to Washington.

The concluding signing ceremonies were preceded by the only lengthy head-to-head negotiations between Mr. Carter and Mr. Brezhnev, accompanied only by their interpreters.

The broad parameters of the SALT documents have been known for some time. They consist of a 2 page treaty, a two-page accompanying protocol principally concerned with the development of the Cruise missile and expiring in 1981, 43 pages of explanatory agreed statements and common understandings known as ASCUS, three more pages of data material, and the Backfire letter. All are of a highly technical nature.

They cover both qualitative and quantitative, though not large, restrictions on the strategic weaponry of both nations, and, in the case of the Soviet Union, will involve some actual destruction of nuclear missiles and launchers.

THE LEX COLUMN

Underwriters hold their breath

This is a tense week for the bankers and brokers who make up the rights issue market. The surge in the rate of calls by companies for new money, which began just before the election and has continued ever since, has coincided with a sharp fall in the stock market. A fall of about 13 per cent in the All-Share Index from its post-election peak has left a number of issues dangerously exposed.

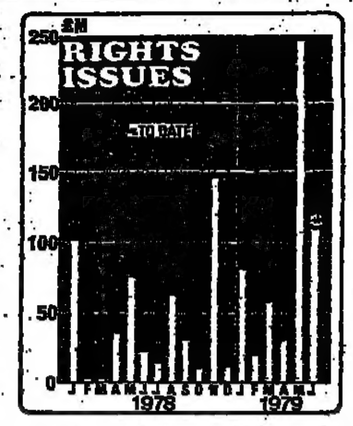
Yesterday saw a successful Anglo-Irish rescue act on behalf of the near £12m rights issue launched by Jefferson Smurfit on May 8. This fell foul not only of the market slide but also of the Irish postal strike and confusion among British shareholders over the need to subscribe in Irish currency. But despite a 30 per cent "stick" with some 2.4m shares left unapplied for, the underwriters were not called on. Around 1.4m shares were placed yesterday in London, the rest in Dublin.

Schroders seemed to be facing an even tougher task last night to salvage the £59m Thomas Tilling issue, with the shares down from 163p ahead of the May 22 announcement to 135p against an issue price of 138p. The task is not as hopeless as the 3p margin might suggest, for the new shares are free of 2 per cent stamp duty, and the equity market was picking up late yesterday.

The issue closed yesterday, and having counted—but not yet published—the results the sponsors have a couple of days in which to try to place the surplus shares. When this happens it is the job of the brokers—in this case Rowe and Pitman—to sound out the sub-underwriters and other potential buyers to assess the demand. Their problem is that very often the underwriters are the same big funds which failed to take up the rights issue, and are prepared to get the shares as underwriters instead. In such circumstances they are unlikely to want to pay a premium.

There is a good reason why the sponsors should want to avoid calling on the underwriters if at all possible, because it can lead to a poor aftermarket for many months when too many of the wrong funds are weak holders of the shares. The bad reason is that those concerned are frightened of getting egg on their faces. In fact, there need be no stigma because underwriters are paid their money to provide protection against precisely the kind of market shake-out that has just taken place.

Index rose 4.4 to 482.9



In these tight conditions the underwriters are likely to try to get the discounts widened in their favour when it comes to future rights issues. There has already been some sign of a move in this direction. On the other hand, the post-election, pre-Budget period was always likely to present above-average risks and underwriters are actually safer now that the market has fallen to much lower levels.

There is certainly no indication that underwriters are going to withdraw their support, although some institutions have been growing restless at the number of companies which have recently raised money for plainly opportunistic reasons. The prospect is that the flow of calls by companies will continue, the motivation being more and more to gain relief against the coming credit squeeze.

Hanson Trust

Companies are usually willing to pay out hefty fees to rights issue underwriters but Hanson Trust yesterday provided a rare reminder that there is another, cheaper way. The company is raising £17m through a one-for-two issue which features such a deep discount—the price is 50p against a market price of 168p —that no conceivable market slide could make the issue fail. There is a forecast dividend rise of effectively around 30 per cent, taking the ex-rights yield to just over 8 per cent. On the other hand, the interim profits performance is rather unexciting, with the weakness of the dollar holding back pre-tax growth to just under a tenth at £12.5m.

The group's industrial services operations have shown good growth, with Interstate included for a full six months. But the agriproducts side had a harder time, with sales of UK fa[...] machinery well down, whil[...] the U.S. Hygrade was short [...] hogs. But the position here [...] now easing, and Seacoast [...] enjoyed record fish catch[...] Group profits should contin[...] to grow modestly for the f[...] year, but the outstanding qu[...] tions about acquisition poli[...] and any response to exchan[...] control relaxations are [...] answered by the rights issue.

Hambros

Merchant banking sha[...] have had a good run this ye[...] and Hambros has been the s[...] performer among the lar[...] accepting houses. Since [...] start of the year its share pr[...] has risen by two-thirds to 3[...] —where it yields 5.1 per ce[...] This compares with a 25 [...] cent rise in the FT merch[...] bank index and a 13 per c[...] rise in the FT All-share ind[...]

To a large extent this p[...] formance has had a lot to [...] with the recovery in [...] shipping market which [...] eased the stock market's conc[...] about the group's heavy, but [...] quantified, involvement with [...] Norwegian shipping indu[...] In 1977-78 Hambros made [...] stantial specific provis[...] against its Norwegian loans [...] it now looks as if these wil[...] more than sufficient to cove[...] exposure—generally estim[...] to be of the order of £40m-£[...]

For 1978/79 Hambros [...] reports attributable pr[...] before investment gains [...] extraordinary items up by [...] per cent to £7.1m. Admitte[...] there is a windfall £1m ex[...] tional credit within this fi[...] but even allowing for th[...] rise of over a fifth is a rea[...] ably good perform[...] especially since the discl[...] profits of the banking [...] marked time at £1.4m. To [...] this figure in perspective, [...] side of the business [...] £5.4m in 1974/75. Cle[...] Hambros is retaining large [...] disclosed, banking profi[...] bolster its hidden reserves. [...] fortunately, it can rely o[...] non-banking operations to [...] duce the visible profit gr[...] In addition, its investmen[...] associated companies incl[...] Hambro Life and Bri[...] Hambro Property provid[...] stream of dividend in[...] which covers Hambros' [...] dividend. Without these in[...] ments its performance w[...] look far less spectacular.

But for the stock market [...] continuing fascination [...] Hambros lies in its undest[...] asset value. Laing and Cr[...] shank, the stockbrokers, re[...] that it is of the order of [...] per share.

Weather

UK TODAY

MAINLY dry with sunny or bright periods. A little rain in N. Scotland.

London, S. E., and Cent. N. England, Midlands, S. Wales, Channel Is.

Dry, sunny periods. Max. 24C (75F).

N.W. and N.E. England, N. Wales, Isle of Man, Borders, S.W. Scotland

Sunny periods, becoming cloudy. Max. 21C (70F).

E. Scotland, Glasgow area.

Mainly dry, bright periods. Max. 19C (66F).

Rest of Scotland, N. Ireland

Cloudy, some bright intervals. A little rain in places. Max. 17C (63F).

Outlook: Mostly dry with sunny periods.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	Locarno	F	25	77
Algiers	C	23	73	London	C	20	68
Amsdm.	C	17	63	Los Ang.	C	20	68
Athens	S	35	95	Luxmbg.	F	16	61
Bahrain	S	36	97	Luxor	S	42	108
Barcina.	F	22	72	Madrid	S	28	82
Beirut	S	28	82	Majorca	F	25	77
Belfast	F	21	70	Malaga	S	23	73
Belgrd.	F	22	72	Malta	C	25	77
Berlin	S	19	66	Mchstr.	S	21	70
Biarritz	S	23	73	Melbne.	C	16	61
Bmghm.	F	21	70	Mex. Cit.	S	21	69
Blackp'l	S	19	66	Milan	S	23	73
Bordx.	S	22	72	Montreal	C	17	63
Boulgn.	S	15	59	Moscow	C	24	75
Bristol	S	21	70	Munich	R	9	48
Brussels	C	17	63	Nairobi	S	23	73
B. Aires	C	16	60	Nwcstl.	S	21	70
Cairo	S	38	100	N. York	F	24	76
Cape T.	S	20	68	Nice	S	20	68
Cardiff	S	20	68	Nicosia	S	32	90
Cas'b'ca	C	22	72	Oporto	S	28	82
Chicago	C	17	63	Oslo	C	21	70
Cologne	C	15	59	Paris	F	18	64
Cpnhgn.	F	20	68	Perth	S	17	63
Corfu	C	27	80	Prague	R	10	50
Dublin	S	20	68	Rkyjvk.	C	12	54
Dbrvnk.	S	22	72	Rio J'o.	C	27	81
Ednbgh.	S	22	72	Rhodes	S	33	91
Faro	S	25	77	Rome	F	23	73
Florence	F	21	70	Salzb'g	R	10	50
Frankf't	C	15	59	Singapr.	R	28	83
Funchal	F	22	72	Stckhm.	S	18	64
Geneva	S	18	64	Sydney	C	18	64
Gibrltr.	S	22	72	Tangier	S	26	79
Glasgow	S	20	68	Tel Aviv	S	27	80
G'msey	F	19	66	Tehran	S	26	78
Helsinki	S	15	59	Tenerife	S	19	66
H. Kong	S	28	82	Tokyo	S	30	86
Innsbr'k	R	10	50	Toronto	C	16	61
Invrnss.	F	18	64	Tunis	F	26	79
I.o.Man	S	13	55	Valencia	S	28	82
Istanbul	S	32	90	Venice	F	19	66
Jersey	F	20	68	Vienna	R	13	55
Jo'burg	S	11	52	Warsaw	F	24	75
L. Plms.	S	23	73	Zurich	C	15	59
Lisbon	S	30	86				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

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